

DUN'S REVIEW

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March 1942



MEMORIAL ARCH, PROSPECT PARK, BROOKLYN—PHOTOGRAPH BY CHARLES PHELPS CUSHING

This Month's Cover **BROOKLYN, NEW YORK**

In 1636 Dutch settlers higgled with the Indians and emerged with several hundred acres of land along Gowanus Bay. They styled their new home Breuckelen, meaning broken land. Sprawling from the southwest tip of Long Island the settlement soon began to absorb other towns around, although it was not incorporated a city until 1834. Later annexations made Brooklyn coterminous with Kings County, 74 square miles with a waterfront of 33 miles along which is located the huge United States Navy Yard. Since then the community's existence has been tied increasingly closely to that of the island of Manhattan across the river. In 1883 the Brooklyn Bridge was completed; in 1898 Brooklyn became a borough of New York City. Of the five boroughs it is first in population (2,698,285) and second to Queens in area. . . . In 1845 the print reproduced for the cover of "Dun's Review" was drawn from nature on stone, from Manhattan, by E. Whitefield and printed in colors by F. Michelin. From the Phelps Stokes Collection this print appears through the courtesy of the New York Public Library. . . . Often called New York's dormitory, Brooklyn is one of the country's leading manufacturing and commercial cities. In volume of foreign trade Brooklyn is the nation's No. 1 port. In 1939 its 4,910 manufacturers produced \$870,578,728 worth of goods, and 2,523 wholesalers shared \$627,985,000. Service establishments, numbering 18,267, took in \$101,301,000, and 38,748 retail stores rang up a total of \$769,057,000. Manufactures include shoes, paints and varnish, clothing, paper, meat products, preserved fruits, glass, furniture, and toys.

It takes **FACT-POWER** to



GET 'EM FLYING... GET 'EM ROLLING... GET 'EM SAILING!

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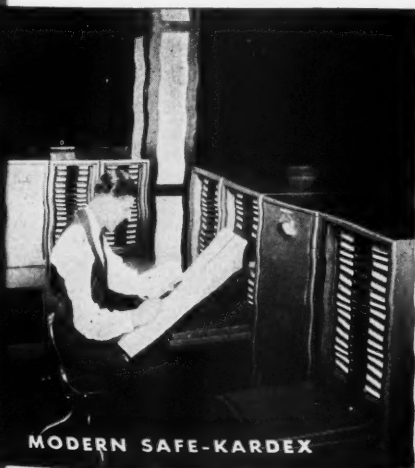
WITHOUT the paper records, correspondence, blue prints and specifications that precede production our efforts to Arm would fail miserably. Then, how about increasing the efficiency, utility of these vital records as the step-up of production goes to a 168-hour week, eliminating "week-end" and "night-time" production blackout?

It can be done! In defense industry, plant after plant, new Remington Rand methods have eliminated serious bottlenecks in PRODUCTION, PURCHASING, INVENTORY, PRIORITIES, ALLOCATIONS, MATERIALS SCHEDULING,

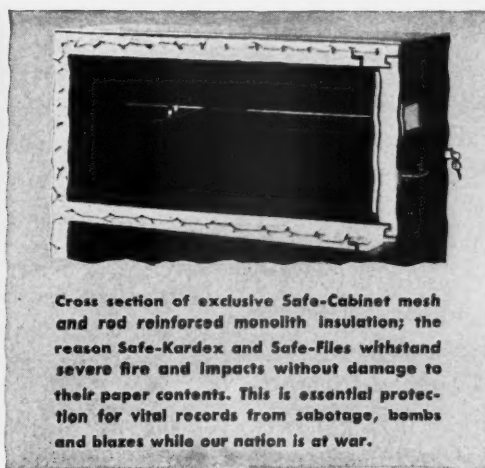
PROGRESS and PERSONNEL RECORDS.

These new KARDEX Visible Systems of Control and Remington Rand supplies and equipment have distinct, four-fold benefits: (1) They decrease clerical requirements. (2) They release executives from clerical and routine supervision. (3) They "get things done on time." (4) They increase Fact-power upon which production speed and efficiency depend!

Congratulations to you who help "Get 'em flying . . . get 'em rolling . . . get 'em sailing . . . faster and faster!" Remington Rand Inc., Buffalo, New York. Branches in all principal cities.



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Cross section of exclusive Safe-Cabinet mesh and red reinforced monolith insulation; the reason Safe-Kardex and Safe-Files withstand severe fire and impacts without damage to their paper contents. This is essential protection for vital records from sabotage, bombs and blazes while our nation is at war.



SAFE-FILES

NATIONAL DEFENSE NEWS

Remington Rand, in cooperation with many leading defense manufacturers, has developed new methods of increasing production efficiency. This experience is available in printed, illustrated educational releases—yours for the asking! Check the ones you desire on the partial list at the right, pin to your letterhead and mail!

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- S. N. No. 444A—Production Control—Spencer Lens
- S. N. No. 541—Stock Control—Caterpillar Tractor
- M. C. No. 605—Tool Crib Control—Two Dual Systems
- S. N. No. 520—Personnel Records—Lockheed Aircraft Corp.
- M. C. No. 620—Personnel Records—Remington Rand Inc.
- M. C. No. 649—Technical Data Files—Warner & Swasey

- M. C. No. 633—Production Control—Blackhawk Manufacturing
- M. C. No. 632—Production Control—American Radiator
- S. N. No. 545—Production Control—Electric Steel Foundry
- S. N. No. 546—Purchasing & Production—Farnsworth Television & Radio
- S. N. No. 547—Controlled "Follow-up Procedures"
- S. C. No. 585—Record Protection—"Where Do You Keep Your Drawings?"
- S. 768—Systems Magazine
A special 64-page "National Defense" issue—records systems and equipment

REMINGTON RAND

"Victory is Our Only Objective"

A straight announcement of importance to Businessmen



WE AMERICANS are learning how to make our automobiles and radios last longer, how to conserve on fuel and food, how to extend the life of tires and overshoes. What was once a matter of pure common-sense thrift is now in addition a matter of patriotic urgency.

The need to save what we have is particularly vital in the conservation of Dictaphone dictating equipment.

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To that end, we offer this simple 3-point program:

1. *Make your present Dictaphone equipment last for the duration.*
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3. *If war conditions have reduced your business activity so that your Dictaphone should be released for use in direct war effort, ask about Dictaphone Relocation Service.*

To extend the life of your present Dictaphone equipment and assure its maximum usefulness, we recommend the Dictaphone Maintenance Program.

For a nominal charge, an expert Dictaphone technician under direct factory supervision will inspect your machine regularly each month, see that it is properly lubricated and make sure that its many moving parts are properly adjusted. Each monthly inspection guarantees thirty days of efficient, uninterrupted service. Emergency calls, if made necessary by accident, fire, or any other cause, are made without any extra charge.

Remember that dictating machines, like other precision instruments, require expert care and servicing to keep them operating perfectly. Because Dictaphone equipment may be giving you satisfaction even when it needs attention, you and your secretary may be handicapping yourselves without knowing it.

- For further information about the Maintenance Program or the Relocation Service, look up Dictaphone Corporation in your local telephone directory, or write or wire us direct: Dictaphone Corporation, 420 Lexington Avenue, New York City.

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The word DICTAPHONE is the Registered Trade-Mark of Dictaphone Corporation, Makers of Dictating Machines and Accessories to which said Trade-Mark is Applied



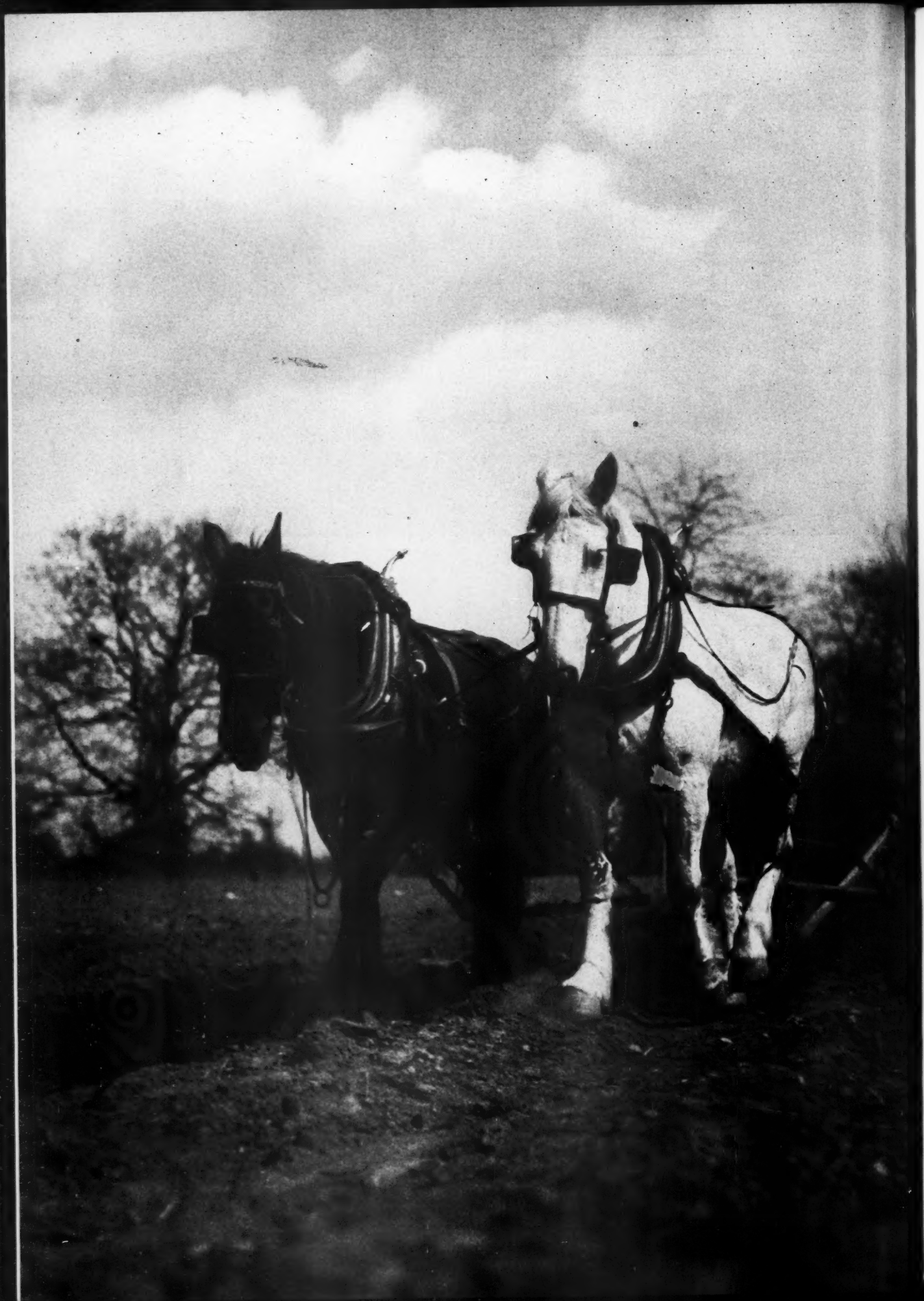
SWAMPSCOTT, MASS.—PHOTO BY MAC C. GRAMLICH

DUN'S REVIEW



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LAWRENCE D. THORNTON

THE RÔLE *of* MANAGEMENT *in* RELATION to CONSUMER SATISFACTION

JAMES WEBB YOUNG

*Senior Consultant, J. Walter Thompson Co.; Professor
of Marketing and Advertising, University of Chicago*

TOWARD the end of our last business era, in 1928, a man of long experience in publishing thought he saw the need for a new magazine on the Pacific Coast. He noted that, because of its climatic differences, the home life of the people differed in many respects from that of the rest of the country. People built houses differently. They had different flowers in their gardens, or different seasons for growing the common ones. Their food opportunities were different, their clothing needs were different, and their recreational facilities differed in many ways.

Because of all these differences home-service magazines designed for national reading gave inadequate attention to the international needs of Pacific Coast people. This man determined, there-

From experience in business, government, and teaching, Mr. Young here discusses the adjustments of business to new conditions in wartime and in the future. This is one of several articles on subjects of importance to business in which there are expressed the personal opinions and viewpoints of men whose backgrounds have created decided, and often conflicting, convictions.

fore, to publish a home-and-garden magazine specifically designed for our West Coast homemakers. He raised the capital, organized the necessary labor and technical facilities, and started. He weathered the depression, which reduced the volume of advertising on which all such enterprises depend, and eventually made a success. Thereby consumer satisfaction in that area was increased.

In 1937 another man, also of long experience in publishing, thought he saw a need for another magazine of the

same kind in the same area—but at a higher editorial and physical level. He, too, raised capital, organized labor and technical facilities, and started. But his magazine failed to take hold, his capital was eventually exhausted, and he was forced out of business.

Here, in these two thumbnail sketches, is exhibited the traditional rôle of management in relation to consumer satisfaction. These incidents could be duplicated in essentials ten thousand times. The consumer seldom knows or expresses his latent wants. A creative merchandiser senses a want; proceeds to organize the resources of production to supply it; and, with risk capital of his own or others, puts his judgment to the test. When he is right and competent, he makes money.

[7]

When he is wrong or incompetent, he loses it.

In this process the manager makes every effort to persuade the consumer that he is right. He advertises. He promotes. He educates. He whips up the latent desire and tries to make it burn a hole in the consumer's pocket-book. In short, he is dynamic—and even when he fails he has contributed something to the economy as a whole.

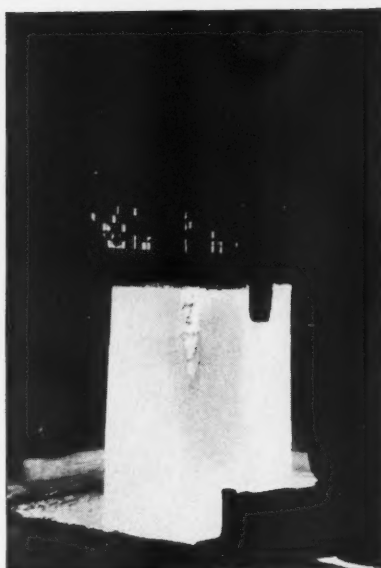
Whether this process is followed in the establishment of a small-town bowling alley or "beauty shoppe," or whether it is in some huge General Motors, introducing, say, a new refrigerator nationally, with its own reserves of capital, the procedure is essentially the same. The manager performs his key function. He perceives what he believes to be a need or opportunity; he organizes to exploit it; he takes the risk; and, like the theatrical producer, he never knows until the curtain goes up whether he is right or wrong.

This is what we mean by the free-enterprise system. We have, in the past, encouraged and protected it—by corporate laws, by patents, by copyrights, by trade names, etc. When it works, thousands of little waters of individual enterprise flow together to make the flood of a dynamic economy and to increase the sum total of consumer satisfactions. When these little waters dry up there is an economic drought and consumer satisfactions are reduced.

What Is Ahead?

This free-enterprise system, in this country, produced the greatest quantity and quality of consumer satisfactions in physical goods and services that any of the peoples of this world have ever had. And yet, after 1930, something went wrong with it. Ever since we have been struggling to find out what it is.

As we continue that struggle today, what can we see ahead? What adjustments are the managers for consumer satisfactions called upon to make now? I suggest that there are three such adjustments—and that all of them must



PHILIP D. GENDREAU

Steel Ingots

We will learn the story
Of defeat or glory
Not from the mouth of guns
But rather in endless digits
Of inventory
Written by grimy midgets
Beside the rumbling tons
Of Mesabi ore
On Lake Superior's shore.
Part of the truth
Is hidden in the lake carriers
Of Duluth
And part in damp dark barriers
In bituminous holes
Of rooting moles
Whose dusty drills
Tremble through Blue Ridge Hills.
The tides of war
Will vary
Somewhere between Gary
Pittsburgh and Birmingham
Where Uncle Sam
Keeps score
As the giant ladles pour
Ingots of golden steel
For keel, for wing and for wheel.

A. M. SULLIVAN

take place first in the manager's point of view, or thinking.

It is obvious, is it not, that the first, most realistic, and immediate adjustment which the managers for consumers' goods now have to make is toward the war? From high authority in Washington we have the unqualified statement that hereafter "every available man and machine must be employed either on direct defense requirements or at work essential to the civilian economy." For the consumer, it is added, "this means cutting off the fat and hardening the muscles."

Now, if this statement really means what it says—if it is, in fact, to be implemented—then the adjustments which must be made under it by our managers for consumer satisfactions will make all other adjustments seem academic for a while.

Today's Objectives

For this statement means war, call the noxious plant by whatever name you choose. In war there can be but one objective: victory. Whatever that costs must be paid. And the first price that a total war economy demands is the sacrifice of consumer satisfactions.

Military men know this, but we civilians do not like the idea. We are reluctant to accept it. For two years now even our defense managers have refused to choose between guns and butter. But in England, it is reported, more than 40,000 small businesses have already been closed. If we think it cannot happen here I fear we are in for a bitter disillusionment.

In fact, it is already happening here. We read that the slide-fastener industry has been refused allocations of its necessary metals, and that one plant in it, employing over 5,000 workers, will be closed. The ugly term "priorities unemployment" is with us.

If I may be permitted to say so, I am not contemplating this particular adjustment of management in any theoretical sense. As one of the owners and managers of a small but healthy consumers' goods enterprise I face this

problem with more than little interest.

This problem presents itself to me, as it has to many managers, in a possible shortage of raw materials. My particular enterprise is based on the weaving of wool. We produce in this country only about half of our combined military and civilian needs of this commodity. The rest must be imported. With war in the Pacific, there is a shortage of wool. My business is affected.

What is my rôle, the rôle of any man, as the manager of such an enterprise at this time? Self-interest, of course, will make me strain every nerve to keep this business running at a profit. But beyond that, what public responsibility, if any, do I have?

First, I must make up my mind about this war. If I believe, as I do, that the whole power of the nation must be mobilized for victory, then must I not see what particular contribution even my comparatively insignificant productive machine can make? Must I not put this as the first order of business, and take the initiative in locating my place in the war economy?

Only through government can I learn whether I am needed or not, and so far government has been unable to tell me. Perhaps some day they will find that I can be used, and if so I may have to make the adjustments involved in sacrificing my consumers' goods production for war production.

LAWRENCE D. THORNTON

Or perhaps they will find that my production facilities are not usable, but that my consumption of wool is. What, then, will be my rôle?

Clearly I have a responsibility to a group of loyal employees and their families who are dependent on this enterprise for their living. Even assuming that I could liquidate and recover my capital, I do not want to contribute to "priorities unemployment" if I can help it.

Then, too, this business has a considerable group of customers who have learned to look to it for certain of their satisfactions. Perhaps I am not essential to them as I like to think. But, on the whole, I doubt whether they want to lose me any more than I want to lose them. Trading habits, like others, are a nuisance to change; and a good business is an asset to its customers as well as to its owners.

Beyond these things I know that it is sound general economic policy for me to keep up my share of consumers' goods if I can, even though they are not essential goods. By doing so I will, by so much, reduce the impending shortages in consumer satisfactions and the resulting inflationary tendencies.

So it seems to me that both the short view and the long view, both private interest and the public interest, coincide in urging me to keep this business running if I can—even if I should prove to be not directly essential to the war economy.

If I am cut off from wool that will take some doing. Perhaps I can weave cotton in its place; I am already experimenting to see. Perhaps a synthetic wool will be produced, as it has been in Germany. But, by hook or by crook, I will stay in business if I can. I will exercise all the ingenuity the Lord has given me. I will know sweat and tears, if not blood, but in the end the fat may come off me as well as off the consumer.

This as I see it is the chief rôle of management in relation to consumer satisfaction today. Any manager who is not aware of it needs an alarm clock.

The second adjustment which I be-





MAC. C. GRAMLICH

lieve management will have to make develops directly out of the war economy which is here.

Let us be clear, first, that this war economy into which we are entering is going to be more a nearly completely controlled economy than any we have ever known before. We never reached the degree of control in the last war which we are going to see now. Raw materials, labor, and machines are going to be allocated. Prices will be controlled. Credit will come in for its share. In short, the controllers are going to have the power to determine who does business and how; what consumers get what satisfaction and when. It is proper that they should have that power. It is the only way to win this war.

But government, we must never forget, is not an abstraction. It is just a lot of fellows down in Washington. Most decisions of government are made by three or four of these fellows getting together in a room and talking things over, just as business decisions are made. Every law has to be interpreted in application, and it makes a lot of difference who does the interpreting and what his predilections are.

The second thing that we have to be clear about is that this war is different from any other we have known in this country. It is a revolutionary war. Involved in it is a world-wide conflict of philosophies of life and economic systems. The enemy lines are not com-

pletely defined by national boundaries. If the managers for consumer satisfactions do not adjust their thinking to this concept of the war and its implications I fear we may find ourselves coming out of it without the very thing we think we are fighting for.

Of course, history may prove too much for us. The world forces which have been unleashed may keep us in a totalitarian economy for a decade or longer. But if we know what we want we are more likely to get it.

What kind of world is worth fighting for, pouring out blood and treasure for? A while ago our President undertook to define it. It would be, he said, a world of four freedoms—freedom of speech, freedom of worship, freedom from fear, and freedom from want.

It happened to be my assignment, when these four freedoms were announced, to use them as a battle cry, to help rally the forces of the Western Hemisphere. They seemed to me then, and they seem to me now, to constitute a noble doctrine. But I had a curious experience with them. I discovered

that our Latin-American neighbors had another kind of freedom which they valued more than any of these four. That freedom they call by the Spanish term *personalismo*.

Now *personalismo*, we might say, is the freedom to be yourself. It is the freedom to live your life in your own way; to give expression to your own personality; to follow what interests seem good to you; to cultivate your own tastes; to pursue your own hobbies; to loaf and invite your soul; to live dangerously or foolishly, if you choose; not to let the making of a living interfere too much with living.

In short, *personalismo* is related to our saying that "it is better for men to go wrong in freedom than to go right in chains."

Our Latin-American friends do not credit us with much interest in *personalismo*. But I think they are mistaken. I believe that with us, too, this free play of the personality is among the most prized of all our freedoms. But in an advanced industrial economy such as ours this freedom of the personality finds one of its chief outlets in a freedom of choice among consumers' goods and services.

It is inadequately recognized, I think, that in a society such as ours consumers' goods and services are preponderantly produced for the satisfaction of subjective needs. What the consumer buys with most of his money is not biological necessities but psychological satisfactions. And in his free-buying choice among these psychological satisfactions he expresses his personality. *Personalismo* becomes an important factor in economics.

(Continued on page 37)

FROM HOBART



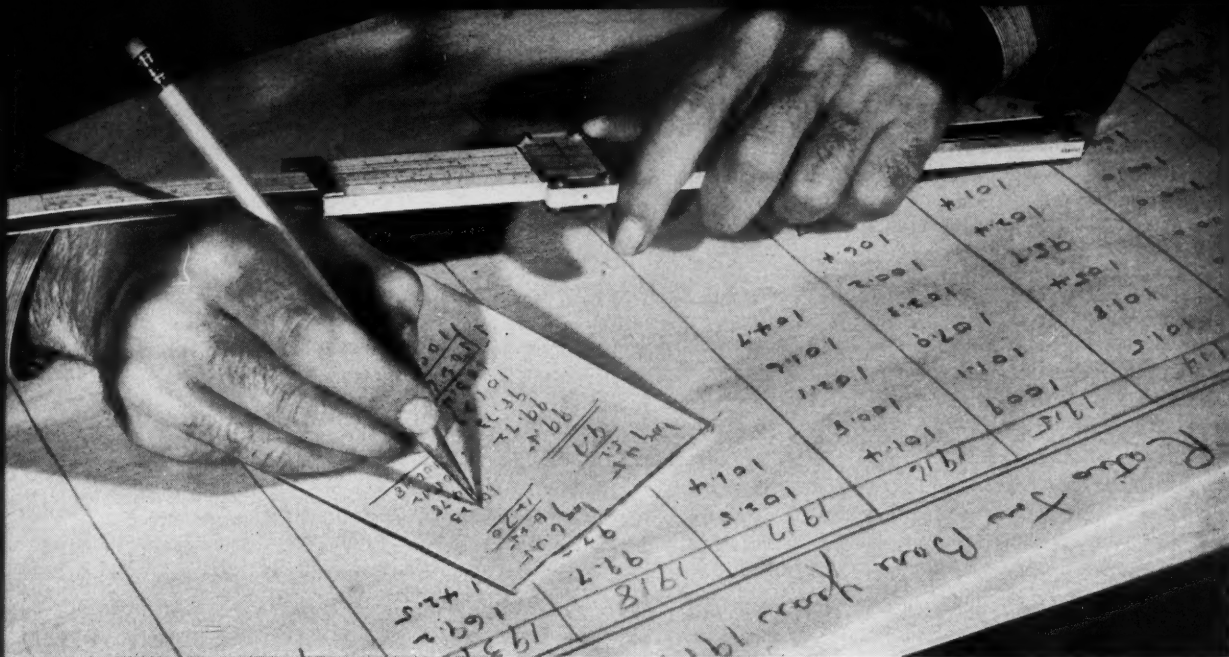


PHOTO BY ELIZABETH R. HIBBS

ALLOCATION: *A Note on What it is*

FOR several months now, the country has heard more and more of something called "allocation" as part of the work of the Office of Production Management and the War Production Board. It is an important concept and not a complicated one, but one that has been confusing to many because it is partly carried out through procedures that are popularly referred to under other terms. And the confusion is somewhat increased because the word "allocations" is used, too, of other procedures that do not at present involve the allocating of material or products in the literal sense.

Essentially, genuine allocation consists in dividing the supply of any material or product among those who use this material or product. It is used when the need is greater than, or is a substantial part of, the total production; when there is not enough to go around.

It is thus a device through which in this national effort first things may be placed first. It is simple and easy to understand as an idea; it is not as simple and easy to set up and carry out with our many products and possessors, especially in a nation which has habitually carried on its business operations with considerable freedom from any restraint except that of self-interest. For this involves the continual reporting of data and the maintenance of centralized records.

Complete allocation means that there is set up a sort of income and outgo account. On one side is complete information about the national "income" for the material or the product; how much is available or is going to be made during the period involved, perhaps in terms of the capacity of each supplier.

On the other side is the national "outgo;" data about the orders placed or to be placed by the customers with these suppliers. This information must be somewhat detailed. It is quite likely

to include the priority rating assigned or such information as:

1. The need or right to buy the material,
2. The purpose of the purchase,
3. Amount,
4. Dates of delivery,
5. Identification of the product required,
6. Current rate of use of the product.

How great detail is necessary depends upon the product. Usually it is necessary to deal with various grades or forms or qualities; to deal for example with steel plate, shapes, structural steel, and so on, not merely with totals for all steel tonnage.

After accurate information about capacity and about proposed uses is on hand the allocating authority considers how much of the material to be produced is subject to allocation. If part of it is going to be processed by the producer, there is consideration of how essential the use of the processed material is to the war effort. A percentage of the capacity may be reserved for emergency cases.

The first step in actual allocating consists of comparing the productive capacity of the individual supplier and the total capacity of all suppliers with the total need of all of the purchasers.

The second step is the determination

of the total amount to be allocated to each individual customer against each supplier. One of four actions is possible concerning each order; it may be left as it is, increased, decreased, or denied completely.

What happens to each order depends, of course, on the needs of the country at the time. Everything is involved—the nice balance between military operations that affect our safety and civilian activities that affect our health and comfort. The data from the individual buyers is considered. Considerations that affect the decision on each order include:

1. The inventory on hand or materials in process,
2. The use to be made of the material or product,
3. The percentage of war or non-war business on the books,
4. The relationship of the total of all materials or products available for allocations to the demand,
5. The dates of delivery required by the buyer to meet specific production schedules within the period covered by the allocation.

To do this successfully with any material or product requires consistent and accurate records. It requires many hours of clerical work, too, and skilled supervisors in addition to intelligent policy makers.

The records needed include forms bringing in the data; a running account of each producer with "charges" to each customer and notes as to the circumstances governing the allocation;

customer records that duplicate the entries on the supplier's accounts; and advices to suppliers and customers of the decisions reached. Only with such records can the allocating authority refer back to previous actions.

All this needs organization—and with that comes more paper work in reports and minutes. Allocations is one of the reasons why the number of clerical employees and of administrators in Washington is growing. Whether or not the country likes that part of it, there seems to be no doubt that this is the best approach to the very difficult job of using materials where they will best serve America in these days. It is a process that is carried out through the Industry Committees that we are hearing more and more about.

Allocations do not take the place of priorities. Whether or not the priority plan is perfect, it was and is a way of doing something on a problem that looked almost insolvable. Allocations are possible because the priority plan existed; the ratings classify the customers' orders. Without priorities, allocations could be carried out only with much larger staffs; with more supervision.

Whether a complete allocating plan should be applied to a material or to a product depends upon more than the scarcity and the war need—important as those are. It depends, too, upon the number of producers and the number of their customers. The looser control of the priority rating system serves for some products.

Comparatively few products or materials are now under a complete allocation plan. The number is increasing and may be expected to increase further. It is a sort of evolutionary process; how far it goes depends on the length of the war.

A longer list of materials and products is under controls often referred to as allocations.

The "M" orders establish industry-wide control over output often by requiring producers to sell to customers with preference ratings. Some "M" orders establish reserve pools to be distributed only by Government order. Others, especially, since December 1, require Government authorizations for each sale with shipments to specified customers. The first material to which was applied complete allocation—steel plates—was handled under an "M" order.

Blanket rating or "P" orders exercise control by setting a rating which can be used to obtain all specified materials required to make the product covered by the order.

The limitation of "L" orders undertake control by saying how much may be made, usually in terms of a percentage of production during a base period.

All of these devices—and others—are useful. They direct the flow of material and products and thus have an allocating tendency. They do not allocate in the sense that the available supply is counted up and divided in definite quantities for specific customers. That is what allocation does.

PHOTO FROM CHARLES PHELPS CUSHING



The Slate Roof House in Philadelphia, once occupied by William Penn, was the first "H" type house in this country. Here Penn is granting political privileges to ardent Quakers in the Charter of 1701. In the diorama from left to right: William Penn, David Lloyd, James Logan, and a servant. The house stood at Second Avenue and Morris' Alley.



COURTESY OF THE ATWATER KENT MUSEUM

Colonial America: A Financial Experiment

A NEW SOCIETY ADJUSTS ITSELF TO AN EXPANDING COMMERCE;
THE SECOND ARTICLE IN A SERIES REVIEWING THE RISE AND
GROWTH OF OUR FINANCING TECHNIQUES AND INSTITUTIONS.

ROY A. FOULKE

Manager, Specialized Report Department
DUN & BRADSTREET, INC.

FROM 1607 to 1776, in colonial America, four commercial practices of peculiar interest developed from the evolving economic environment.

First, a decreasing but at all times a substantial portion of our domestic trade was carried on by means of primitive, crude barter.

Second, credit was extended and concessions were made by local settlements and by the colonies direct to enterprising individuals to assist them in starting certain vital business enterprises.

Third, credit terms were gradually developed in the domestic sale of merchandise.

Fourth, colonial importers obtained very substantial credit on liberal terms from distant English factors, exporters,

and merchant-bankers. Each was but an adjustment of a new society to an ever expanding commerce, a fascinating story of experimentation after experimentation to find a better medium of exchange.

From earliest colonial days barter became the accepted means of trade, owing to the inadequate supply of metallic currency. Through the seventeenth and eighteenth centuries, provisions and home products, such as wheat, rye, barley, corn, tobacco, beef, pork, rice, and yarn, furnished the very lifeblood of colonial domestic commerce. These products when given in exchange for some other commodity or service came to be known as "country pay."

This process gave birth to that great

democratic institution, the country general store with its friendly, worn chairs, cracker barrels, and later, its pot-bellied stove around which neighbors gathered to discuss political questions of the day.

Here came the surplus products of the surrounding colonial farmers: grain, cheese, butter, potash, feathers, eggs, household manufactures such as yarn, and home-made nails. The values of these products were credited by the merchant to his customers in terms of money. Their accounts were debited when they purchased European goods such as imported dress-goods, crockery, glassware, powder, shot, bar iron, or West India wares such as molasses, sugar, and salt. Practically all early transactions of the country general store were carried on by barter, but with a

money terminology. The storekeeper in turn resold or bartered the produce he collected to the wholesale merchants in the nearby city from whom he purchased his stock in trade.

Barter was by no means confined to the general store. As late as 1768, ample evidence indicated trade was carried on extensively by barter in New York City, even then one of the largest colonial cities, with a population between 20,000 and 25,000.

Early foreign commerce was also largely carried on by barter. John Winthrop, Sr., kept a careful record, as early as 1633, of the ships sailing from Massachusetts to Virginia with furs and fish. The fish were generally exchanged for tobacco, the most desired of all colonial products, the tobacco and the furs then being carried to England where they were sold or bartered for English merchandise. New England skippers often sailed with cargoes of dried and salt fish and home manufactures to Southern ports, where they exchanged these products for red oak staves for making barrels for sugar, rice, and meat. Then they headed for the West Indies where these Southern products were readily bartered for rum, molasses, sugar, ginger, logwood, and other tropical products, which were brought home as the basis for another round of trade.

Early Government Loans

The precedent of extending loans by governmental agencies, so characteristic of our latter-day business life, also goes back to the very early days of colonial New England. Loans of this nature were first made by local settlements to assist individuals in establishing needed industries to provide the necessities of a simple life. Colonial loans were also made to individuals against real estate, and finally, innumerable lotteries were



COURTESY OF THE NEW-YORK HISTORICAL SOCIETY

Very probably this Swiss hobby horse made some very young man very happy. Very probably, too, it was acquired by a British, Dutch, or French factor or merchant-banker for his American client, as one of the many services offered. The horse is dated 1793, and is of wood.

authorized for somewhat similar purposes.

The greatest, single early need of a colonial settlement was for a muscular, efficient blacksmith, he who made or repaired hoes, rakes, shovels, firearms, locks, hinges, cooking utensils, harness, fireplace tools, hammers, and everyday hardware. Others sought were coopers, carpenters, shipwrights, turners, brick-makers, bakers, weavers, shoemakers, and sawyers. In 1638 the town of Salem, Mass., loaned 30 pounds to the glass men, presumably to assist them in starting a glass factory. Rhode Island in 1725 extended credit of 500 pounds to William Borden, at interest and upon security, to help him establish his sail-cloth mill. Pennsylvania likewise granted such aid as did other States.

In 1714 another economic innovation saw light—Massachusetts issued her first “bank” of 50,000 pounds. These

particular early colonial banks should never be confused with our modern commercial, savings, or industrial banks.

These “banks” were nothing more than a “batch of paper currency.” They had no permanent place of business, no corporate existence, no vice-presidents, no tellers. These issues of paper currency were distinguished from all other paper currency by the simple fact that they were intended as loans of public credit to individual borrowers against mortgages on personally owned real estate. They were in the nature of elementary land banks which made credit available to owners of land, the credit being in the form of negotiable paper currency which could immediately be put into circulation.

The first “bank” was repayable one-fifth of the principal each year with interest at 5 per cent per annum. This currency circulated side by side with the ordinary colonial paper money. Many of the loans were extended, in some cases remaining unpaid for more than 30 years.

Rhode Island issued its first “bank” of 40,000 pounds in 1715. This paper

*T*WO centuries ago, the new settlements on this continent, in meeting their problems of financing business enterprises and of providing a sound medium of exchange, established the institutions, techniques, and customs that are the basis of what we have today. Then, as now, settlements and colonial governments gave financial aid to enterprising individuals to help vital business enterprises; in those times, too, all commerce was affected by governmental borrowing and monetary policy. The story of the results of experiment after experiment is fascinating and thought-provoking. In this article, the second of a series, the author has drawn upon material gathered as part of his research for the recently published *The Sinews of American Commerce*.



The Fugio Cent, 1787, was the first coin issued by the United States of America. Because of the inscription "Mind Your Business," attributed to Benjamin Franklin, the coin is also called the Franklin Cent. Courtesy of Chase Bank Collection of Moneys of the World, New York City.

currency was loaned on mortgage for ten years, also at 5 per cent interest. Every colony except Virginia issued these particular loan bills. Land was, of course, the most common form of wealth and while logical in theory, it was an impractical security for an issue of notes, as wealth in such a form could not easily be converted into cash for the redemption of an issue. The experiment, however, went on and on.

The medieval custom of raising funds by lotteries also provided money for establishing and fostering occasional new colonial industries. More often, however, lotteries were used for relieving manufacturers who had lost their property by fire. Little could be done in colonial days to stop a blaze. Catastrophic fires were an ever present hazard, owing to the general use of open fireplaces.

When the glass works at Germantown, Mass., for example, burned in 1756, the legislature allowed the owners to raise 1,250 pounds by a lottery. In 1776 one was operated under a resolution of the Continental Congress to provide funds for the army but with very little success. Probably the most prominent use of the lottery after the War for Independence and up to about 1800, was a supplementary aid in raising funds to complete toll bridges, toll roads, and toll canals, three types of business activity in which considerable money was then being invested.

After the adoption of the Federal Constitution, the regulation of lotteries became subject to State laws. They were made illegal by New York and Massachusetts in 1833. Other States followed. Various forms of illegal lotteries have continued in the larger cities, the most important being the so-called "policy rackets."

Early Domestic Credit

Earliest seventeenth century records show occasional instances of credit to the Indians. Customarily red men raised large quantities of corn, but often later on poor crops necessitated buying on credit from the colonists, particularly from the Dutch in New York and from the English in Massachusetts. Terms provided for payment in beaver skins during the following year.

Credit between the colonists them-

colonial merchants, bills of exchange and promissory notes became customary credit instruments. They took the place of the modern check. Domestic bills of exchange throughout the colonial era were generally payable three, five, or ten days, after sight. Because of the many varieties of paper money circulating, it was customary to state the specific currency desired in the bill of exchange, whether sterling, the currency of a particular colony, or specie. In modern times, such bills are usually negotiated through a bank.

As there were no banks prior to 1782 these instruments accordingly were endorsed and passed from merchant to merchant until they were presented for final payment or credit. Promissory notes, especially when signed by men of property likewise often passed from hand to hand for several months, and



COURTESY OF CHASE BANK COLLECTION OF MONEYS OF THE WORLD

If Benjamin Franklin preached the doctrine of minding your business, here is excellent proof that he practised what he preached. An enterprising printer, as well as statesman, philosopher, and scientist, Benjamin Franklin was alive to opportunity, printing many of the Pennsylvania bills as well as those of neighboring States. This bill is three-quarters actual size.

selves was always freely exchanged. Originally, food, seed, powder or shot passed from neighbor to neighbor anticipating the next crop. Such loans assumed the character of duty, and no questions of financial responsibility were ever raised.

As commerce developed between

all the time serving as real currency.

Other early forms of credit included extensions to seafaring men while in port, a practice annoying to Puritan shipmasters who sometimes lost their men to the debtor's prisons. Scarcity of bridges presented the opportunity for some settlers to pick up extra money

by ferrying. Charge for service between Newburyport and Salisbury, Mass., was two-pence per man. Apparently personal credit was granted occasionally to those favorably known to the ferryman. When it was extended it was one penny additional. Credit for postage was allowed to accumulate at the general office in Boston as a convenience to responsible individuals.

Mention of exact terms of sale in early colonial records was infrequent,

have you heard of the cause?" The second: "Have you lately heard of any citizen's thriving well, and by what means? . . ." Information of this character represented very practical new business ammunition for an aggressive, adaptable salesman in a newly established and growing printing business.

Colonial merchants were known to give information to one another regarding the financial status of desirable customers in the West Indies. Occasion-

years. He is a person of a very shrewd turn, of capacity enough but I apprehend not very much acquainted with Trade, and his character for Integrity I have very little opinion of. He is possessed of what you call New England Artifice, and sly cunning in great perfection. I have made all the inquiry concerning his Circumstances that I could since I received your letter but cannot yet learn anything particular."

By the eighteenth century it was quite customary for the importer-wholesaler in the seaport cities and towns to extend credit for about twelve months to his retail customers, shopkeepers, storekeepers, and country general stores. Credit terms of one year seem to have been required as obligations often could be retired only after the following crop season. Business relationships, customs, and habits were becoming established as the population expanded, and the volume of foreign and domestic trade increased.

The security of long outstanding debts does not seem to have caused much uneasiness. Thomas Fitch, a successful importer of Boston, for instance, in a letter to an English supplier in 1724, was undisturbed by the amount of indebtedness he had to allow, although inconvenienced by the long waits for settlements.

The original ledgers and account books of colonial merchants which have been preserved, unfortunately contain little mention of selling terms. The accounts generally run on and on with credit extended year after year, and with offsets more in the form of "country pay" than metallic currency or paper money. The letter books of these merchants contain numerous mention of terms of sale.

Shopkeepers who lacked "country pay" or ready money, were often quite willing to purchase merchandise at a higher price if payment could be put off into the future. During the entire colonial period, there were no fixed definite prices as is customary in business today. Individual prices were determined at the time of each sale by the



COURTESY OF CHASE BANK COLLECTION OF MONIES OF THE WORLD

The standard unit of currency in the American Colonies was this Spanish Milled Dollar," also called "Piece of Eight," the original of our American dollar. Clipping a quarter of it, or two pieces, or "two bits," resulted in the figure at right, and the most colorful name for any American coin. These usually carried the counter stamp of the colony in which they originally circulated. This is that of Tortola.

possibly because there existed no customary terms. Credit probably was extended for one month, three months, nine months, or twelve months, depending upon mutual understanding in the absence of established trade customs. Most early transactions were barter, or "trusting" because of friendship or neighborliness.

About 1728, twenty-two year old Benjamin Franklin organized the Junto, a discussion group initially composed of eleven members who met at a tavern in Philadelphia every Friday evening. Twenty-four varied queries were discussed at each of these meetings. Two of the subjects chosen show Franklin's alert interest in rumored as well as in exact information concerning local business enterprises. The first of these was: "Hath any citizen in your knowledge failed in business lately, and what

ally a prospective colonial buyer offered references regarding his own reliability and responsibility. Wholesale merchants knew their nearby customers personally, and arrived at their own independent decision as to the amount of credit to be granted, just as wholesalers do today. However, when certain importers and wholesalers developed large businesses and began to sell outside their immediate circles, recommendations of prospective customers, the earliest form of credit information, became quite essential, and were often asked for.

Inquiries were occasionally made regarding the financial condition of a debtor, but not so far as to arouse suspicion. Thus William Samuel Johnson of Stratford, Conn., made the following report to one James McEvers: "I have known Mr. Kuler two or three

bargaining powers of the buyer and the seller. Every transaction was a horse sale! John Van Cortlandt explained in 1767 to a correspondent in the West Indies that a higher price could be obtained by selling on credit: "I am sorry your Rum and Sugar Came to So low a Market I made the most of it I could I sold all the Rum on a credit in order to Git the Best Price I could and am not in Cash for any part of the Cargo Yet. . . . I got a penny a Gallon more for our Rum than the Market price, by Giving Credit here."

Importers and wholesale merchants were frequently forced by competition to accommodate colonial shopkeepers and storekeepers with generous grants of credit so that they might be on even terms with their competitors. Otherwise they could hardly expect to hold their customers. Finally, in an effort to obtain new business the merchant again found himself obliged to offer liberal credit terms to attract the trade of other houses. Terms of sale, as well as the product itself, have always been strong competitive instruments.

How to secure the fairly punctual settlement of accounts owed to him by retail store customers was a consistent worry of the colonial wholesaler. The steps he took to protect or secure overdue accounts show both the inherent difficulties in the colonial situation, and the inter-connection between credit conditions within the colonies and the credit relations between colonial and English merchants. Most accounts were sooner or later liquidated, in part or in whole. The distress was caused by the uncertainty as to when the obligations would be paid.

The perpetual problem of the scarcity of an adequate medium of exchange was responsible for many of these difficulties. Creditors very frequently could not collect from their debtors simply because sufficient cash was not in circulation. This condition persisted throughout the eighteenth century. Depreciated paper currency with different values in the different colonies made the problem more and more diffi-

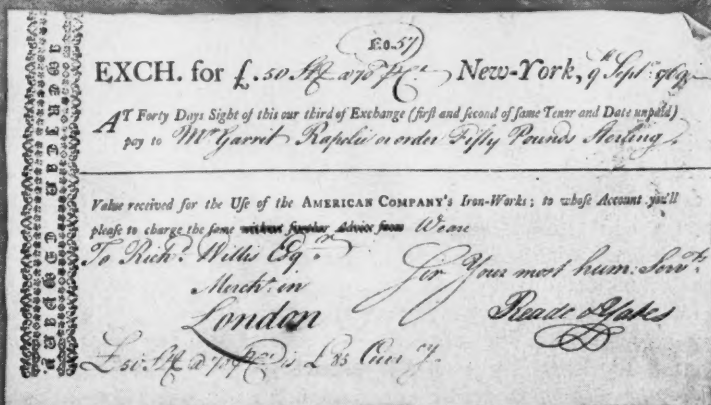
cult. If paper money was unacceptable and hard money obtainable in small quantities, or not at all, the debtor was left helpless, unless he could persuade his creditor to accept raw materials, "country pay," in lieu of cash.

Up to the very days of the War for Independence, colonial merchants complained to their creditors in England that they were forced by circumstances to sell their goods on long credit. The complaint was meant to explain why remittances to England were slow and irregular and why it was absolutely necessary for colonial merchants to ob-

tain extensive credit from English factors, exporters, and merchant-bankers.

There was absolutely no credit service to which the English merchant might refer for information. English firms were indeed much better known to colonial merchants by repute than the smaller colonial concerns to the English. Some information regarding credit standing could occasionally be obtained from other English houses, but the main reliance had to be placed upon the opinions of the English merchant's own customers in the colonies.

There were no international banking



COURTESY OF THE NEW YORK PUBLIC LIBRARY

COLONIAL BILLS OF EXCHANGE DRAWN ON LONDON. When the colonial merchant wished to transmit a sum of money to a party in England, for himself or for some other person, he drew a bill of exchange on his correspondent, a merchant, and sent it to the payee in England or sold it to the person in the colonies who wished to transfer the money. The merchant in England "accepted" the bill when presented, paid it when it fell due, and then debited the amount to the colonial merchant's account.



COURTESY OF CHASE BANK COLLECTION OF MONIES OF THE WORLD

When the Minute-Men clashed with the British at Lexington, the Continental Congress issued paper currency to raise necessary funds. The specimen at the left is one of the first issues of 1775. By November, 1779, Congress had authorized a total of \$241,552,780. By that time, too, the currency was almost worthless. After 1781 it was counted by the wagon load. "Not worth a Continental" remains to this day throughout the country a term for utter worthlessness.

The famous Pine Tree Shillings were minted in Massachusetts between 1652 and 1684, but all carried the former date. The King stopped the practice, feeling coinage was a royal prerogative.



houses to supply financial machinery needed for transferring funds between the colonies and England or the continent. A few English factors and wholesale dry-goods houses were actually private bankers. In fact many of the important international banking firms of the nineteenth century developed out of earlier importing and exporting businesses. Since, too, there were no strictly financial institutions in the colonies to facilitate the transfer of funds, each colonial merchant tended to be his own banker, and at the same time occasionally furnished banking facilities for his friends and the general public.

When he wished to transmit a certain sum to a party in England, either for himself or for some other person, the colonial merchant, drew a bill of exchange on his principal English correspondent, and sent it to the payee in England, or sold it to the person in the colonies who wished to transfer the money. The merchant in England "accepted" the bill when it was presented, paid it when it fell due, and then debited the amount on the colonial merchant's account.

Sometimes the colonial importing merchant actually overdraw his account when he was well aware that his balance was not equal to the strain of additional drafts. Such drawings were not due to careless indifference; rather they were caused by the merchant's lack of capital or inability to collect his outstanding domestic accounts. To

have allowed the difficulty of collecting his local accounts to have interfered with his orders for merchandise from England would have meant a serious loss in trade. English houses made it a consistent practice to accept and to pay these drafts as part of their credit program, even where colonists had failed to notify them.

Credit was being extended to colonial merchants in generous and increasing amounts by 1737, and on terms which the English merchants made earnest efforts to have observed. The usual terms were for nine or twelve months from the date of the invoice, during which period no interest was charged. After the period had elapsed, 5 per cent interest was usually charged on the amount past due.

This credit period seems long in our day, but analysis shows that the actual time for which the colonial merchant enjoyed the benefits was considerably less than nine or twelve months. For instance, four months or so were lost in the course of shipping the goods and returning the remittance.

Evidently English merchants did grant liberal credits and in most cases willingly. Their letters frequently carried declarations of readiness to meet overdrafts, and to ship goods on credit within reasonable limits. Moreover, extending liberal credit was one way of getting business; new customers were attracted by it. It was also a means of holding trade already won.

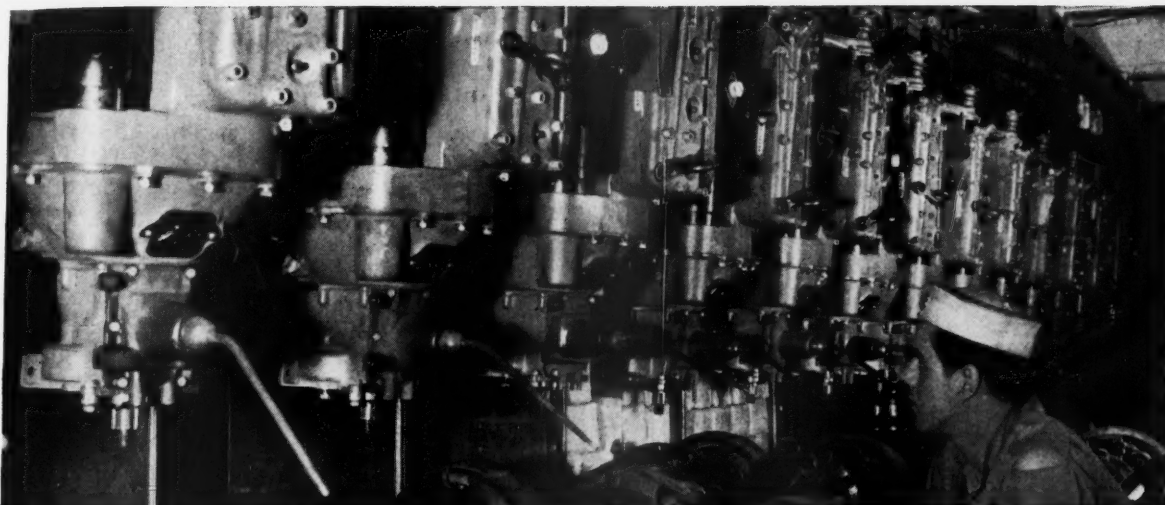
On the other hand when once a colonial merchant was deeply in debt, his English creditor could not afford to drop him and lose the debt.

Whether he needed cash to buy raw materials or funds with which to keep his stores well-stocked, it was the colonial merchant's over-drafts which accounted for a good portion of his indebtedness. This overdrawn was not always intentional; often it was accidental. The explanation of these chance over-drafts is found in that it was the general practice of English merchants to send formal statements of account to their colonial customers only once a year. Even under the most favorable circumstances it was difficult to arrive at a fair approximation, and the divergences between the colonial merchant's estimates and the actual facts often were considerable.

Other factors added to uncertainty concerning the exact condition of his account. He could never be sure of the cost of the goods he ordered and which would be charged him in England.

The Northern colonies received the same kind of merchandise as the Southern colonies from England, but in the former it went first to a seaport center such as Boston, Philadelphia, or New York. An unfavorable paper balance confronted these centers because of their extensive imports. They consumed, however, only part of the imported merchandise, the remainder

(Continued on page 42)



HARRIS & EWING

THE TREND OF BUSINESS

With further conversion to war industry, production and employment have continued to increase. War-time patterns are evident in the increasing importance of durable goods in manufacturing and of soft goods in retailing. Buying activity has moderated since January.

FROM a general economic as well as a business point of view one of the most significant facts revealed by recent industrial reports is that the conversion period has proceeded so far with little disturbance to the general upward trend.

Total production has shown a substantial gain since the first of the year. The FRB seasonally adjusted index of industrial activity reached a new record level of 173 in February. This was an increase of 5 points over the close of 1941 despite shortages of materials, priorities, and the outright limitation of production in more than a dozen major consumers' goods lines, including refrigerators, vacuum cleaners, radios, laundry equipment, bicycles, typewriters,—and the \$4,000,000,000 automobile industry which ended pas-

Industrial Production

Federal Reserve Board Adjusted Index
1935-1939 = 100

	1939	1940	1941	1942
January	101	122	140	171
February	101	116	144	173
March	101	113	147	
April	97	112	144	
May	98	116	154	
June	103	122	159	
July	105	122	160	
August	106	124	160	
September	114	127	161	
October	124	130	163	
November	124	134	166	
December	125	139	168	

senger car assemblies on February 10.

Partly because of conversion activity, unemployment increased to over 4,000,000 during January. But estimates indicate that there was no further general increase during February and probably in all a drop of some 200,000 in the number unemployed.

In Detroit unemployment claims reached a weekly peak of almost 70,000 near the end of February but fell back

to 54,000 in early March as factory payrolls started to climb again. New York State reported increases in factories during February of 2 per cent in number of workers and 3 per cent in payrolls.

While some priority-affected industries reduced payrolls rather than lay off workers, the general trend continued to be in the direction of longer working hours, holding payrolls at an even higher level than employment.

The substantial increases in war goods production, which accounted for the continued expansion during the changeover period, raised Federal expenditures for war purposes to a new record daily average of \$97,000,000 during February. In the first half of March the rate was still higher, approximately \$100,000,000 daily, an increase of almost 50 per cent since Pearl Harbor and well

over three times the spending rate of a year ago.

According to available information the expansion of output for war still came from increased production of existing capacities and the starting-up of newly constructed plant capacities than from the conversion of civilian goods plants to new war products. Construction of additional capacity proceeded at a fast pace. The cost of war plant expansion, totalling \$7,366,000,000 through the end of 1941, was estimated by WPB to approximate \$991,000,000 in December alone, the latest month for which figures are available.

In industries where production for war had been superimposed on civilian output, more and more capacity was being diverted to Government orders. By mid-March it was reported that rated tonnage now took over 90 per cent of steel shipments, top priorities alone (A-3 or better) 70 per cent. Textile mills in March received requests to bid on huge new Government requirements, including among other items 351,300,000 yards of cotton goods and 74,000,000 yards of woolen goods. The total order for wool products was estimated to represent approximately 450,-

Factory Payrolls

U.S.B.L.S. Index
1923-1925 = 100

	1939	1940	1941	1942
January	84.7	90.8	120.7	173.2
February	87.1	99.3	126.8	
March	88.8	99.8	131.2	
April	86.8	97.0	134.7	
May	86.3	97.8	144.1	
June	87.9	99.5	152.2	
July	85.8	98.2	152.7	
August	91.2	105.5	158.1	
September	95.4	111.6	162.6	
October	101.2	116.3	165.8	
November	103.2	116.4	165.4	
December	105.4	122.4	170.2	

000,000 pounds of wool, equal to all of last year's domestic production and about half of last year's total supply.

Meanwhile the changeover to production of war goods by concerns formerly making an entirely different type of civilian product moved ahead with accelerated speed. Gun-mounts were beginning to come from the washer-ironer industry. Stove plants and makers of cotton mill equipment were reported among holders of shell contracts. A wall paper manufacturer was engaged in production of incendiary bombs, a pot-and-pan maker in production of airplane parts, a manufacturer of motion picture machines in the making of precision tools for aircraft.

The acceleration of defense activity had striking confirmation in the latest monthly figures reported by the Federal

Reserve Board for durable and non-durable goods manufacturing. Although the weight of civilian curtailment has been borne largely by the "hard goods" lines (see page 22), durable manufactures as a group have shown a marked gain in production just because of the progress made in war industries. An increase of 13 points in the FRB production index for these durable goods just within the past two months has emphasized the change in the pattern of output since the start of hostilities. In August 1939 each of the indexes of durable and non-durable manufactures equalled 108 (1935-1939=100); thirty months later—February 1942—the durable group registered 227, the non-durable 143.

Equally pronounced, although presenting the picture in reverse, are the changed patterns of retail distribution. Indexes of retail store sales of the durable and non-durable kind also stood at 108 per cent of the 1935-1939 level in the month before war started. For a time, particularly in late 1940, sales of durable items increased much more rapidly than did the volume of non-durable merchandise. In late months this trend has been reversed: sales of

THE BUSINESS MAN'S DIARY

A monthly summary of selected world events whose especial significance is reflected in the ups-and-downs of the production and consumption statistical series reported upon in DUN'S REVIEW.

- 1 CEILING prices fixed on new automobiles for retail rationing.
- 6 SUGAR rationing plans announced. . . . War appropriations total \$116,000,000,000. . . . Tornadoes sweep five Southern States; floods follow heavy rains in northern California.
- CLOCKS advanced one hour for new national War Time. . . .
- 9 President asks \$27,000,000,000 additional funds for Army and Maritime Commission; signs \$26,000,000,000 Navy Appropriation Bill. . . . Normandie burns.
- 10 HENDERSON cautions against granting "substantial" wage increases.
- 11 RATIONING of retreaded and recapped tires to begin February 19.
- 12 WPB orders drastic cut in use of tin cans to save estimated 40 per cent of tin consumption by canning industry.
- 13 CONVERSION of radio industry ordered within three months.
- SALE OF NEW TIRES banned for duration. . . . Wholesale refrigerator stocks frozen. . . . WPB takes over control of entire 1942 raw sugar supply, plans purchase of 30,000 old automobiles to allocate scrap to war plants.
- 14 SINGAPORE surrenders.
- GERMAN submarines shell refinery off Venezuela in first attack against American soil. . . . Third draft registers 9,000,000 men from 20 to 44 years.
- 16 HOUSE passes \$32,000,000,000 appropriation for Army, Maritime Commission, and lend-lease. . . . Lend-lease shipments total \$2,000,000,000 through January 31. . . . Complete allocation control established for aluminum.
- 17 NELSON requests full production on Washington's Birthday.
- 19 CHURCHILL reorganizes war cabinet. . . . French "war guilt" trial begins.
- 23 SUBMARINE shells California oil plant. . . . Rationing of new automobiles to begin March 2. . . . Refrigerator production ordered halted beginning April 30.
- 24 ANGLO-AMERICAN agreement establishes principles for settlement of lend-lease aid.
- SENATE, overriding President's opposition, votes to prohibit sale of Government-owned farm products below parity prices. . . . Further restrictions announced on civilian use of new wool in second quarter.
- 25 HOUSE rejects, by 226 to 62 vote, proposal to suspend 40-hour week for the duration.
- JAPANESE invade Java. . . . War spending reaches new monthly peak of \$2,200,000,000. . . . Sales of defense savings bonds in February amounted to \$703,000,000. . . . Emergency price ceilings set over canned fruits and vegetables.
- 28

Department Store Sales

Federal Reserve Board Adjusted Index
1923-1925 = 100

	1939	1940	1941	1942
January	88	92	101	138
February	88	90	103	125
March	88	89	103	
April	88	89	104	
May	87	89	105	
June	86	91	109	
July	87	92	115	
August	88	98	134	
September	90	97	116	
October	92	94	105	
November	98	100	116	
December	95	101	111	

durable goods have begun to decline—partly because of rationing and the depletion of stocks, partly because consumers have already covered needs so liberally—while non-durable goods are becoming increasingly active. The rush of scare buying in January concentrated heavily on the non-durables, the adjusted sales index for this group registering 157, against the average of 126 for the durables (U. S. Bureau of Foreign and Domestic Commerce).

Most recent reports on consumer buying are to the effect that this emphasis on "soft goods" is more rather than less evident. To some extent the trend is seasonal, reflecting the pre-Easter boom in ready-to-wear and accessories. Partly, too, it reflects the diversion of spending power from regular channels. Besides automobiles, refrigerators, tires, and typewriters have been rationed. Some indication of the potential sales diverted from these lines is afforded by the estimate that \$800,000,000 was spent for automobiles in the first three months of last year; during the first twenty days of last March alone 240,000 passenger cars were sold.

Throughout retailing, sales gains were narrower in February following along the lines of the expected reaction from January's unusually high levels. After allowance for the increases which have occurred in prices, trade when measured in units of physical volume was no heavier than in the corresponding period a year ago. There was, however, some broadening of the movement again in the first part of March and, with an early start on Easter apparel buying, sales increased rapidly toward the Spring peaks. "Investment buying" continued to be a feature—although a less prominent one—of the demand for a number of staple items.

In dollars, the increase in retail spending lately has fallen short of the expansion in total consumer income. To some extent the narrower margin mere-

ly reflects the extremely heavy anticipatory purchasing of last Fall, when spending outran its usual relation to the income rise. Retailers also report that the heavier taxes have had the effect of reducing demand for some types of merchandise, usually in the higher-price category. Immediate effects of the March income tax collections, however, were less noticeable than had been anticipated, most retailers feeling that demand exhibited unusual strength in view of the fact that money was flowing into the tax collectors' hands in twice the volume of a year ago.

Only in a few instances was there evidence of active consumer resistance to the continued advance in prices. However, retailers noted that interest in advance buying diminished appreciably where substantial price increases began to appear. The dwindling of low-cost inventories has in late months accelerated the retail price rise, pushing the average over 18 per cent above last

Wholesale Commodity Prices

U. S. B. L. S. Index—1926 = 100

Week	Dec. 1941	Jan. 1942	Feb. 1942	Mar. 1942
I	92.2	94.3	95.7	96.9
II	93.1	95.0	96.2	
III	94.0	95.6	96.5	
IV	94.8	95.5	96.8	
V		95.9		

year (Fairchild index and BLS retail food price index).

After months of relatively slow movement, the sharper advance of retail prices compares with a rather mild change at wholesale. Wholesale movements have been placed under more widespread control; the recent decline in speculative and forward buying activity has tended to slow the general advance.

Industrial activity: The steady rate of advance in total production put the FRB index at a new record level in February whether or not allowance is made for the estimated seasonal trend. At 173 on the adjusted basis and 168 on the unadjusted, the index compared with levels of 144 and 140, respectively, for February a year ago (1935-1939 = 100).

Inventory figures of the U. S. Department of Commerce, available now for January, indicate that part of the in-

Consumer Buying

DUN'S REVIEW Adjusted Trade Barometer
1928-1932 = 100

	1939	1940	1941	1942
January	91.3	94.9	105.5	131.2
February	84.1	91.2	108.3	
March	86.3	95.4	111.9	
April	83.1	89.8	110.7	
May	83.9	91.5	112.0	
June	83.4	91.1	112.0	
July	81.9	90.6	112.4	
August	83.3	90.2	120.4	
September	86.8	92.5	108.4	
October	87.8	94.3	107.3	
November	90.2	106.5	123.4	
December	100.5	110.5	127.2	

creased output continues to go into the expansion of stocks. A level of 162 reached by the index in January (1939 = 100) represented an increase of 22 per cent or \$350,000,000 in the value of manufacturers' inventories since the year-end.

Consumer income: Preliminary indications for February are that farm income declined somewhat more than usual, as a result of a decrease in both prices and marketings, and that income expansion was again concentrated in the manufacturing industries. In January the better-than-seasonal record made by manufacturing helped to push ahead the index of total income payments from 148.8 in December to 150.3 in January, which compared with 121.3 in January 1941.

Consumer spending: Although more-than-seasonal increases were registered by some groups of retailers between January and February, the general level of trade showed a moderate setback from the unusually high January levels. While the adjusted index of variety-store sales moved from 132.3 to 136.1, the adjusted index of department store sales dropped from 138 to 125 in February (1935-1939 = 100). The DUN'S REVIEW index of consumer spending, for which detailed regional breakdowns are available in the following pages, receded from 131.8 in January (revised) to 121.5.

Prices: The wholesale price advance, although slower, had not yet halted.

Industrial Stock Prices

Dow-Jones Index (Weekly Average)

Week	Dec. 1941	Jan. 1942	Feb. 1942	Mar. 1942
I	115.82	111.27	109.96	104.61
II	116.50	112.40	107.08	100.23
III	109.28	111.70	105.69	
IV	105.82	109.63	106.18	
V		109.99		

The BLS index, at 97.1 for the week ending March 14, increased 0.9 per cent in the previous four weeks. Living costs, measured by the BLS index, rose 0.5 per cent between the middle of January and mid-February. Compared with the previous year, wholesale prices were up 20 per cent, living costs 12 per cent.

Banking and finance: The amount of money in circulation continued to rise; in early March it was at a level 17.8 per

cent higher than a year ago. Time deposits continued their slow, steady decline. Business loans were up to \$6,959,000,000 by mid-March, an increase of 29.5 per cent over last year. Sales of defense savings bonds, which had amounted to \$1,061,000,000 in January were \$703,000,000 in February.

Stock prices sagged lower as share turnover on the New York Exchange dropped to less than 400,000 daily. In mid-March the Dow-Jones industrial average hit a new war-time low.

survey of 110 large manufacturing corporations made by the National City Bank of New York. Federal income and excess profits taxes accounted for 54 per cent of income before taxes compared with 34 per cent in 1940 in these 110 companies. Dividends, although 6 per cent greater than in 1940, took only 34 per cent of income before taxes rather than the 49 per cent of 1940.

Fourth-quarter earnings of 629 com-

OUTPUT OF CONSUMERS' DURABLE GOODS 50 PER CENT BELOW 1941

PRODUCTION of consumers' durable goods cannot exceed one-third of 1941 volume this year if maximum diversion to war production is accomplished, the U. S. Department of Commerce estimates.

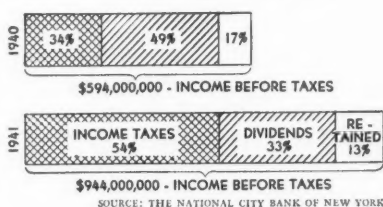
By February output of consumers' durables had already fallen 47 per cent below the average for 1941 and the level of the previous February and almost 55 per cent from the twelve-year peak reached in June 1941, according to the index of the Federal Reserve Bank of New York. Adjusted for seasonal variation, the index is not related to any base period; the estimated long-term trend equals 100.

The decline in consumers' durable goods output which began last July accelerated considerably in the final quarter of 1941 as residential construction and automobile production were curtailed. Further rapid shrinkage in volume of consumers' durables produced is scheduled for early 1942; recent orders hastening the conversion to war work have caused automobile, radio, typewriter, washing machine, vacuum cleaner, and electrical refrigerator

manufacturers to cease or drastically limit civilian output.

The continued strong rise in output of producers' durable goods, however, has offset the decline in consumers' durable volume. Stimulated by sharp expansion in the production of machinery, aircraft, shipbuilding, metals and other goods urgently needed for war material the index of producers' durable goods jumped from 125 in June to 156 by February.

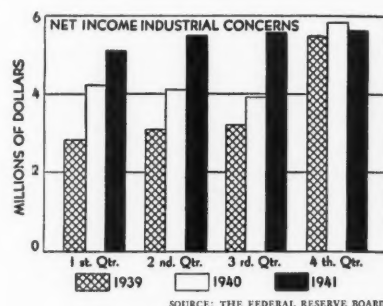
CORPORATE INCOME AND FEDERAL TAXES



NET INCOME of large industrial corporations fell below the previous year in the final quarter of 1941 as heavy tax reserves and adjustments prevented earnings from making the usual year-end rise.

Corporate tax payments more than doubled in 1941 to absorb a major share of income available for Federal taxes, dividends, and surplus.

The increased share of income allocated to taxes was largely at the expense of that proportion put aside for dividend payments, according to a small



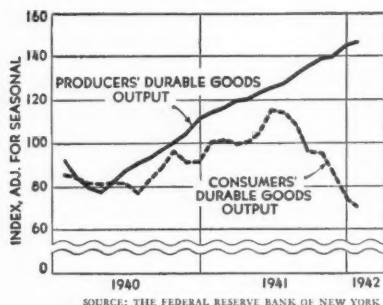
panies declined 4 per cent below the 1940 peak of \$588,000,000 in 1941, although advancing slightly from third-quarter levels, according to a new series of quarterly corporate earnings compiled by the Federal Reserve Board.

These 629 concerns in the manufacturing, mining, and service industries are for the most part large and very large corporations. The 555 companies which comprise the manufacturing and mining groups accounted for 40 per cent of the net income of all such concerns in 1939.

Although the series is useful as a guide to earnings trends, the preponderance of large concerns biases results to some degree. In past years actual changes from year to year were not always typical of the final reports for all corporations later available in the U. S. Bureau of Internal Revenue compilation "Statistics of Income."

Reflecting the variations in sales and operating costs and the uneven incidence of taxes, changes in net income in 1941 varied widely among the major corporate groupings.

Class I railroads showed a net income of \$502,000,000 for 1941, a 163 per cent rise over 1940 when the roads remained in the red until the third quarter of the year. The net income of electric power companies dipped 2 per cent below 1940, but telephone utilities reporting to the Federal Communications Commission made a gain of 11 per cent over 1940.



WEST LEADS IN TRADE GAINS

On this page and pages 26, 27, 28, and 29 are the monthly report on trade activity which reviews country wide conditions and those in 29 regions.

THE significant shift in regional trade leadership from South and East North Central regions to the West grew more pronounced in January.

Kansas, Oklahoma, Iowa, and Nebraska outstripped all other sections in trade gains over last year during January; the vast Minneapolis and St. Paul region which includes Minnesota, the Dakotas, and Montana followed closely behind these leaders.

Sharply increased farm prices had given a fresh impetus to sales in these Western areas which rely heavily on agriculture, dairy products, and livestock for income.

Hirings at newly-constructed war plants have boosted payrolls and buying in districts such as Indianapolis and Louisville, while the rapid changeover to a war economy flattened gains in others, including Detroit and Florida.

The effect of large-scale temporary layoffs accompanying the conversion to war production was generally limited to individual city sales figures. Most regions increased the margin of gain over the previous year in January—24 per cent for the country—as widespread and persistent anticipatory purchasing advanced the seasonally adjusted index 3 per cent over December.

Outstanding improvement during the month occurred in the Middle Atlantic and New England States. By January the sizable month-to-month advances recently made by the Eastern barometers were reflected in wide increases over 1941 levels as five of the seven Eastern regions registered larger gains than the country in contrast with two regions in December.

The Northern New Jersey area picked up smartly to record the fourth largest gain over 1941 in the country, exceeding the national gain for the first time since last July. Although surpassed by New Jersey this month, upper New York State again scored large gains over last year. New York City registered a relatively smaller increase than the rest of the State.

Although divergent trends were more noticeable in Southern regions in

January buying in this section continued to compare very favorably with last year, when the area was leading all other sections in trade expansion.

Evidence of a slower rate of gain was most apparent in the deep South. The Atlanta and Birmingham and New Orleans barometers were the only indexes which declined from December. Retail spending was close to last year's levels in Florida; reflecting a less active tourist season, this region registered the smallest gain in the country. Virginia, the Carolinas, Alabama, Georgia and Tennessee however reported good gains of 25 to 30 per cent over 1941.

Some of the best increases in trade continued to be found in the Middle West, particularly Ohio and Wisconsin. Detroit and Chicago results were below the national gain for 1941 for the fourth successive month. However, aided by

a temporary rise in employment, the Detroit barometer spurted 15 per cent from December.

Excellent progress again marked trade in the Far West and Southwest. Recent trade gains in these districts have not been the highest, but performance has been steadily good. Salt Lake City has edged slightly ahead of Texas and Memphis, while Denver follows close in trade gains.

Little change in the relative position of the Pacific Coast regions was apparent in January. Consumer buying trends continued to differ sharply in the Northwest and California. The Portland and Seattle region again ranked with the leaders. In contrast, increases in the Los Angeles and San Francisco barometers remained for the seventh consecutive month below the country-wide gain over last year.

DUN'S REVIEW REGIONAL TRADE BAROMETERS

*Seasonally Adjusted; 1928-1932 = 100
Compiled by Dr. L. D. H. Weld*

	January 1942	Per Cent Change from Jan. 1941	December 1941	Per Cent Change from Dec. 1941	1935 Retail Sales Per Cent
U. S.	131.2	+24.4	127.2	+ 3.1	100.0
1. New England.	119.5	+31.3	112.1	+ 6.6	7.8
2. New York City.	101.0	+23.0	96.2	+ 5.0	0.3
3. Albany and Syracuse.	137.3	+29.8	128.7	+ 6.7	2.5
4. Buffalo and Rochester.	120.6	+32.4	116.4	+ 3.6	1.9
5. Northern New Jersey.	121.3	+35.2	111.7	+ 8.6	2.9
6. Philadelphia.	120.0	+27.8	120.4	0	6.2
7. Pittsburgh.	130.1	+21.0	130.7	0	3.7
8. Cleveland.	147.6	+36.2	132.6	+11.3	2.9
9. Cincinnati and Columbus.	151.3	+33.8	139.2	+ 8.7	3.1
10. Indianapolis and Louisville.	160.1	+27.9	158.0	+ 1.3	2.6
11. Chicago.	124.6	+16.3	122.6	+ 1.6	6.4
12. Detroit.	138.9	+21.8	119.9	+15.8	4.0
13. Milwaukee.	151.9	+31.3	141.7	+ 7.2	2.2
14. Minneapolis and St. Paul.	144.7	+31.4	134.0	+ 8.0	4.5
15. Iowa and Nebraska.	120.0	+36.8	106.8	+12.4	3.0
16. St. Louis.	137.4	+29.5	130.9	+ 5.0	2.5
17. Kansas City.	139.7	+38.2	131.8	+ 6.0	3.6
18. Maryland and Virginia.	162.7	+28.9	156.6	+ 3.9	3.8
19. North and South Carolina.	173.8	+26.6	156.6	+11.0	2.1
20. Atlanta and Birmingham.	173.8	+25.6	182.7	- 4.9	3.5
21. Florida.	163.4	+ 6.3	160.8	+ 1.6	1.3
22. Memphis.	169.5	+28.1	160.5	+ 5.6	1.5
23. New Orleans.	136.8	+20.4	141.8	- 3.5	1.0
24. Texas.	173.9	+27.0	158.4	+ 9.8	4.5
25. Denver.	136.4	+26.5	132.7	+ 2.8	1.3
26. Salt Lake City.	140.0	+29.6	132.8	+ 5.4	.8
27. Portland and Seattle.	151.3	+32.0	135.1	+12.0	2.7
28. San Francisco.	120.6	+15.7	115.8	+ 4.1	3.4
29. Los Angeles.	126.5	+13.6	121.6	+ 4.0	3.9

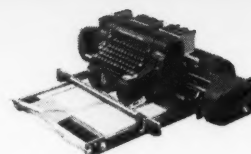
Barometers are available when compiled, usually about the twenty-fifth of the following month and may be obtained in advance of their publication in DUN'S REVIEW by special arrangement.

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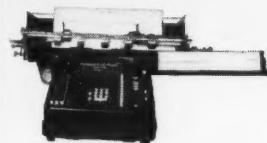
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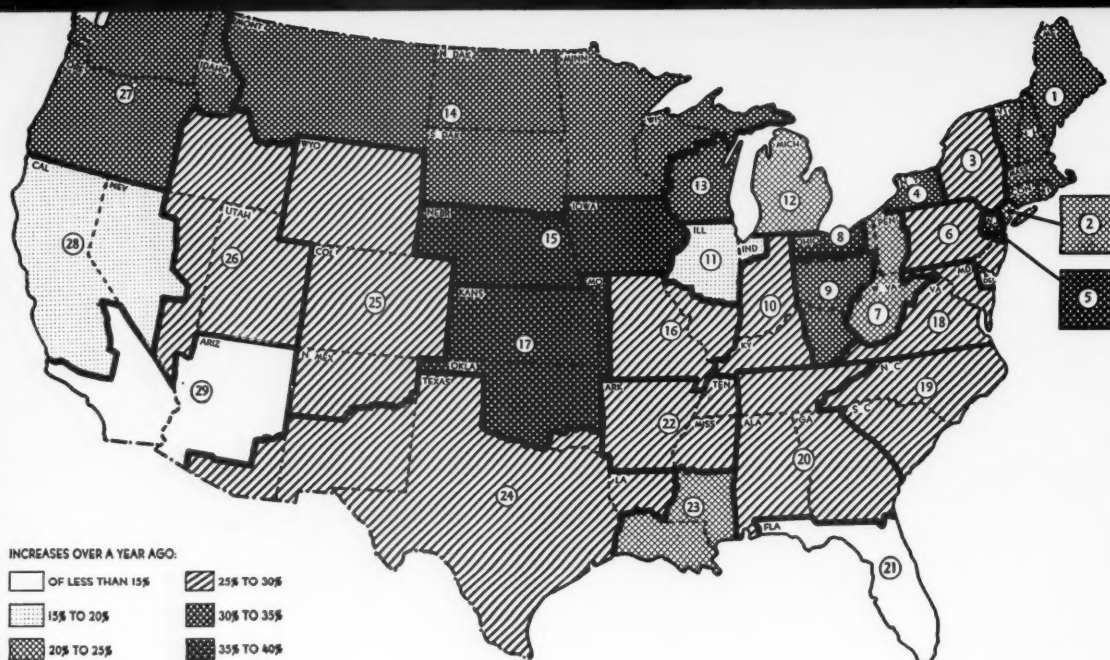
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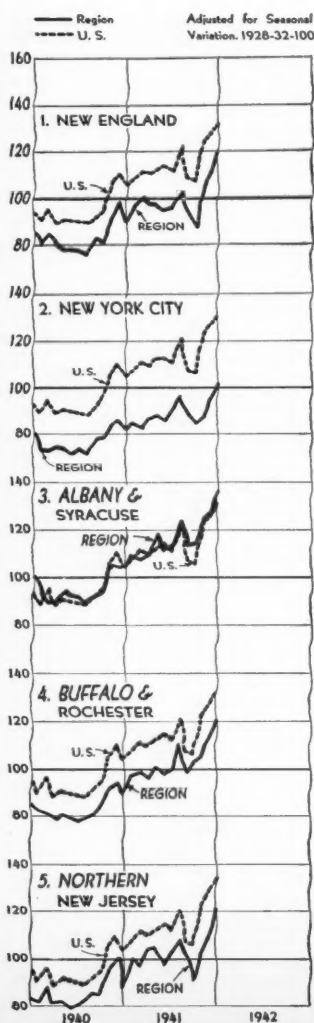


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TRADE ACTIVITY—A REGIONAL SUMMARY

The indexes are compiled by Dr. L. D. H. Weld, Director of Research, McCann-Erickson, Inc.; the trade information is from spot estimates of DUN & BRADSTREET offices and other sources.



1. NEW ENGLAND

JAN. 119.5 DEC. 112.1 JAN. 1941, 91.0

UNADJUSTED: JAN. 108.1; DEC. 138.1

JANUARY—Barometer gain over both last year and last month greater than country. Wholesale trade up 25% from 1941. December farm income up 42% from 1940. Production and payrolls increased in month; output 15% above 1941. Collections steady to better than 1941. FEBRUARY—Department store sales up 17% from 1941. In rural Vermont, New Hampshire, Maine, particularly in areas dependent entirely on agriculture, gains in retail sales are below district average. Industrial output increased, at record levels.

3. ALBANY AND SYRACUSE

JAN. 137.3 DEC. 128.7 JAN. 1941, 105.8

UNADJUSTED: JAN. 119.3; DEC. 141.7

JANUARY—Barometer gain over both last year and last month greater than country. Albany wholesale trade up 10% from 1941, Syracuse 42%. December farm income 47% above last year; industrial payrolls up 10% from December in Utica, 7% in Albany-Schenectady-Troy area, 3% in Syracuse; off slightly in Binghamton-Endicott-Johnson City. Collections improved in month. FEBRUARY—Shoe output expanding to seasonal peak; at record level. Department store sales 18% above 1941 in Albany, Binghamton 28%, Syracuse 21%, Poughkeepsie 9%.

5. NORTHERN NEW JERSEY

JAN. 121.3 DEC. 111.7 JAN. 1941, 89.7

UNADJUSTED: JAN. 105.7; DEC. 134.7

JANUARY—Barometer gain over both last year and last month much larger than country. Newark wholesale trade 31% ahead of last year. Priorities unemployment increased sub-

(Continued directly opposite)

2. NEW YORK CITY

JAN. 101.0 DEC. 96.2 JAN. 1941, 82.1

UNADJUSTED: JAN. 86.4; DEC. 107.7

JANUARY—Barometer gain over 1941 less than country; gain from December larger than country. New York City industrial payrolls increased slightly from December, retail declined 14%, wholesale steady; retail 11% above 1941, wholesale 9%. Collections steady to better than 1941. FEBRUARY—New York City department store sales 18% above 1941, Bridgeport 32%. Garment manufacturers' sales up substantially from January, unusually heavy for season. Value of New York City building permits 40% below 1941.

4. BUFFALO AND ROCHESTER

JAN. 120.6 DEC. 116.4 JAN. 1941, 91.1

UNADJUSTED: JAN. 104.6; DEC. 128.4

JANUARY—Barometer gain over both last year and last month larger than country. Buffalo wholesale trade up 10% from last year. Steady rise in factory payrolls from December as war industries accelerated; payrolls up 8% in Buffalo, 2% in Rochester from previous month, sharply higher than 1941. Collections better than last year. FEBRUARY—Buffalo department store sales 30% above 1941, Rochester 19%, Elmira 36%, Niagara Falls 42%. Substantial plant construction around Buffalo; payrolls steady in month.

stantially in month but employment remained above 1941. Payrolls decreased about 40% from December in Elizabeth area as automobile plants closed. Collections better than last year. FEBRUARY—Department store sales in Newark 21% above 1941, up 22% in Northern New Jersey as a whole. Many plants converting and re-tooling for war work. Bank debits 19% above 1941 in Newark, 1% in Montclair, 41% in Passaic.

THE MAP

Trade changes in the twenty-nine barometer regions for January 1942 as compared with a year ago are pictured in the map. Boundaries for each region were drawn with consideration for established trading areas and sales districts, so that economic conditions within a single region are sufficiently alike—as to industry, agriculture and trade—to make it possible to treat each district as a whole.

THE BAROMETERS

The barometers are composites based on obtainable regional statistics. They are comparable. There is available on request material about their compilation and use, county list for each region, back figures.

THE SUMMARIES

The estimates of trade changes and other reports in the paragraphs are based on opinions and comments of business men in various lines of trade, gathered and weighed by the local DUN & BRADSTREET offices. Department store sales are from the Federal Reserve Board; payroll, employment figures from State labor departments and the U. S. Bureau of Labor Statistics.

CITY LIST

In the narrow column (below and at the right) the percentage change from a year ago for check transactions are from the Federal Reserve Board; for retail sales (in italics) from the spot estimates of DUN & BRADSTREET branch offices.

Per cent change, January 1942, from last year; retail trade estimates (italics) and check transactions:

1. NEW ENGLAND

Bangor	.....+10
Boston	.....+28
Frocton	.....+24
Burlington	.....+11
Fall River	.....+24
Hartford	.....+35
Holyoke	.....+27
Lowell	.....+11
Lynn	.....+20
Manchester	.....+25
New Bedford	.....+20
New Haven	.....+25
Portland	.....+45
Providence	.....+30
Springfield	.....+20
Waterbury	.....+25
Worcester	.....+25

2. NEW YORK CITY

Bridgeport	.....+20
New York City	.....+31
Stamford	.....+10

* Department stores only

3. ALBANY AND SYRACUSE

Albany	.....+15
Binghamton	.....+25
Poughkeepsie	.....+20
Syracuse	.....+30
Utica	.....+8

4. BUFFALO AND ROCHESTER

Buffalo	.....+25
Elmira	.....+30
Jamestown	.....+20
Rochester	.....+20

5. NORTHERN NEW JERSEY

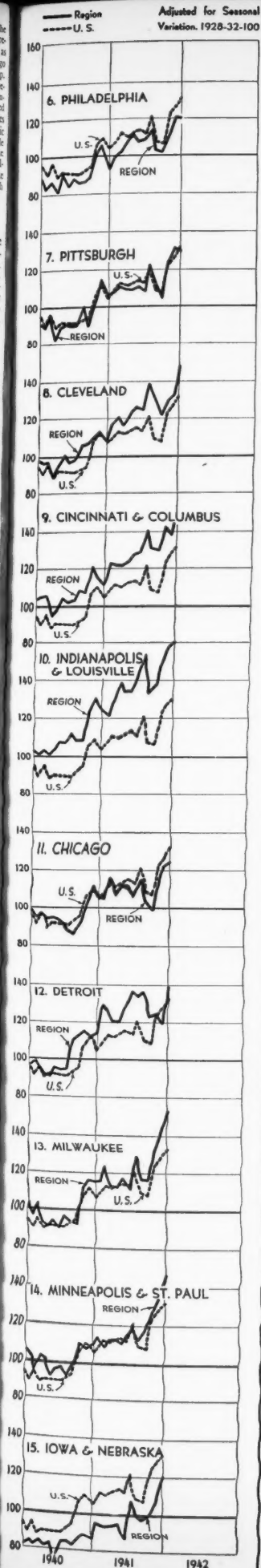
Montclair	.....+1
Newark	.....+35
Northern New Jersey	.....+10
Passaic	.....+10

6. PHILADELPHIA

Allentown	.....+40
Altoona	.....+1
Camden	.....+1
Chester	.....+1
Harrisburg	.....+10
Hazleton	.....+1
Johnstown	.....+1
Lancaster	.....+33
Lebanon	.....+1

(Continued on next page)

Adjusted for Seasonal
Variation, 1928-32-100



6. PHILADELPHIA

JAN. 120.0 DEC. 120.4* JAN. 1941, 93.9

UNADJUSTED: JAN. 103.9; DEC. 160.1*

JANUARY—Barometer gain over last year larger than country; steadiness with December contrasts with rise for country. Philadelphia wholesale trade 15% above 1941. Industrial payrolls steady in month; largest gains over 1941 in Sharon-New Castle, Wilkes-Barre, Wilmington, Williamsport, Philadelphia. Collections better than 1941. FEBRUARY—Textile output slowed by tight supply situation. Trenton rubber goods makers largely converted to war output. Department store sales in Philadelphia 33% above 1941. *Revised.

8. CLEVELAND

JAN. 147.6 DEC. 132.6 JAN. 1941, 108.4

UNADJUSTED: JAN. 128.4; DEC. 179.0

JANUARY—Barometer gain over both last year and last month much larger than country. Cleveland wholesale trade up 31% from 1941, Akron 17%, Toledo 40%. Total payrolls declined moderately in month; 35 to 45% above 1941 in Cleveland, Akron, Canton, up 24% in Toledo. Collections steady to better than 1941. FEBRUARY—Akron department store sales 30% above last year, Cleveland 28%; Toledo retail trade up 15 to 25%. Employment and payrolls increased in Toledo, Cleveland, as conversion progresses.

10. INDIANAPOLIS AND LOUISVILLE

JAN. 160.1 DEC. 158.0 JAN. 1941, 125.2

UNADJUSTED: JAN. 142.2; DEC. 197.8

JANUARY—Barometer gain over last year larger than country; increase from December less than country. Louisville wholesale trade 15% above 1941, Indianapolis 40%. Indiana factory payrolls 45% above 1941; largest gains in Bloomington, Fort Wayne, Connersville; smallest in Evansville, Kokomo, Lafayette. Collections steady to better than 1941. FEBRUARY—Payrolls up in Terre Haute aided by construction; best coal output in years. Louisville department store sales 17% above 1941, Indianapolis 25%.

12. DETROIT

JAN. 138.9 DEC. 119.9 JAN. 1941, 114.0

UNADJUSTED: JAN. 123.6; DEC. 163.1

JANUARY—Barometer gain over last year less than country; increase from December largest of any region. Detroit wholesale trade 50% above 1941, Grand Rapids 20%. Retail trade increases over last year widest in large-sized cities. Factory payrolls 20% above 1941 despite 5% drop in employment; payrolls up 2% from December, employment off 9%. Collections steady to better than 1941. FEBRUARY—Detroit department store sales 28% above 1941; factory employment up slightly as re-tooling progresses, but 14% below 1941.

14. MINNEAPOLIS AND ST. PAUL

JAN. 144.7 DEC. 134.0 JAN. 1941, 110.1

UNADJUSTED: JAN. 122.0; DEC. 141.5

JANUARY—Barometer gain over both last year and last month much larger than country. Duluth wholesale trade up 15% from 1941, Minneapolis 15%, Great Falls 10%. Montana farm income 2% below 1941 in December, Minnesota 43% above 1941, South Dakota up 56%, North Dakota 125%. Collections generally steady with 1941. FEBRUARY—Department store sales up 16% over 1941 in region. Non-agricultural employment generally moderately above last year, largest gain in Minnesota, reflecting stimulation of war work.

7. PITTSBURGH

JAN. 130.1 DEC. 130.7 JAN. 1941, 107.5

UNADJUSTED: JAN. 109.5; DEC. 166.4

JANUARY—Barometer gain over last year less than country; steadiness with December contrasts with rise for country. Wholesale trade up 10% from 1941 in Erie, 22% in Pittsburgh, 10% in Charleston. Payrolls about steady in month, 40 to 50% above 1941 in western Pennsylvania. West Virginia coal fields at 75% of capacity; wholesalers' collections slower. FEBRUARY—Steel operations increased, close to capacity; other heavy industries on full-time. Pittsburgh retail trade 15% above 1941, Youngstown 15%, Erie 30%.

9. CINCINNATI AND COLUMBUS

JAN. 151.3 DEC. 139.2 JAN. 1941, 113.1

UNADJUSTED: JAN. 133.1; DEC. 189.3

JANUARY—Barometer gain over both last year and last month much larger than country. Wholesale trade up 30% from 1941 in Cincinnati, 25% in Columbus. Total payrolls 40 to 50% above 1941 in Cincinnati, Columbus, Dayton; off from December in Cincinnati, Columbus, Zanesville, up in Dayton. Collections vary. FEBRUARY—Department store sales 13% above 1941 in Cincinnati, 20% in Columbus. Dayton bank debits 28% above 1941, Springfield 17%, Zanesville 22%, Middletown 37%; Lexington off 7%.

11. CHICAGO

JAN. 124.6 DEC. 122.6 JAN. 1941, 107.1

UNADJUSTED: JAN. 109.3; DEC. 153.0

JANUARY—Barometer gain over both last year and last month less than country. Chicago wholesale trade 15% above 1941. Illinois farm income in December 55% above 1941. Payrolls much better than last year; generally lower than December, up 10% in Rock Island. Collections steady to better than 1941. FEBRUARY—Chicago department store sales 15% above a year ago; steel mills operating at capacity; much plant expansion and construction. Decatur bank debits 23% above 1941, Peoria 15%, South Bend 4%.

13. MILWAUKEE

JAN. 151.9 DEC. 141.7 JAN. 1941, 115.7

UNADJUSTED: JAN. 128.2; DEC. 174.3

JANUARY—Barometer gain over both last year and last month much larger than country. Milwaukee wholesale trade 35% above 1941. Wisconsin farm income in December 69% above 1941. Payrolls and production well above last year, steady in month although layoffs increased in Janesville, Kenosha, Racine. Collections better than 1941. FEBRUARY—Milwaukee department store sales 27% above 1941. Green Bay paper mills operating 6½-day week. Racine, Green Bay building permit value more than double 1941.

15. IOWA AND NEBRASKA

JAN. 120.0 DEC. 106.8 JAN. 1941, 87.7

UNADJUSTED: JAN. 117.4; DEC. 124.2

JANUARY—Barometer gain over both last year and last month much larger than country. Wholesale trade 13% above 1941 in Des Moines, 10% in Omaha. December farm income 58% above 1941 in Iowa, 23% in Nebraska. Non-agricultural employment 9% above 1941 in Iowa, 12% in Nebraska, declined slightly from December. Collections vary. FEBRUARY—Nebraska department store sales 14% above 1941. Iowa industrial employment off 2% from January; largest decreases of 11% in Mason City and Ottumwa.

Per cent change, January
1942, from last year; re-
tail trade estimates
(italics) and check trans-
actions:

6. PHILADELPHIA

Norristown+21
Philadelphia+33 +20
Reading+35 0
Scranton+18 +15
Trenton+28 +16
Wilkes-Barre+30 +13
Williamsport+14
Wilmington+10 -8
York+30 +38

7. PITTSBURGH

Butler+31
Charleston+16 +21
Erie+50 +33
Franklin+47
Greensburg+38
Homestead+34
Huntington+18 +22
Oil City+30
Pittsburgh+38 -3
Warren, Ohio+28
Wheeling+10
Youngstown+20 +26

8. CLEVELAND

Akron+50 +32
Canton+17 +33
Cleveland+20 +22
Hamilton+30
Lima+5 +22
Lorain+31
Toledo+40 +24

9. CINCINNATI AND COLUMBUS

Cincinnati+30 +27
Columbus+20 +25
Dayton+40 +20
Lexington+27
Middletown+31
Springfield+25 +2
Steubenville+17
Zanesville+15 +20

10. INDIANAPOLIS AND LOUISVILLE

Evansville+20 +13
Fort Wayne+28
Indianapolis+35 +23
Louisville+10 +27
Owensboro+40
Terre Haute+35 +26

11. CHICAGO

Aurora+34
Bloomington+20
Chicago+25 +19
Danville+26
Decatur+41
Elgin+9
Gary+19
Hammond+20
Moline+39
Peoria+30 +35
Rockford+25 +31
South Bend+42 +13
Springfield+27 +12

12. DETROIT

Adrian+13
Battle Creek+20
Bay City+20
Detroit+40 +17
Flint+6
Grand Rapids+20 +11
Jackson+27
Kalamazoo+20
Lansing+18
Saginaw+10 +18

13. MILWAUKEE

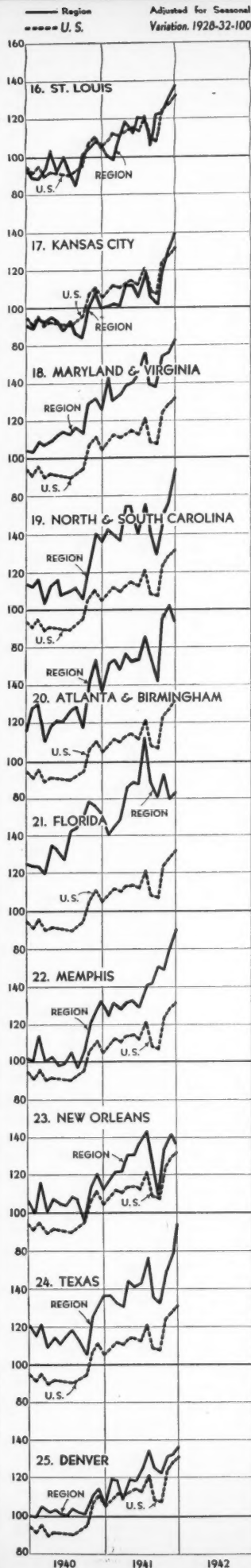
Green Bay+22 +30
Manitowoc+19
Milwaukee+25 +22
Oshkosh+10
Sheboygan+36

14. MINNEAPOLIS AND ST. PAUL

Aberdeen+24
Billings+1 +27
Butte+17
Dickinson+83
Duluth+10 +22
Fargo+10 +32
Grand Forks+26
Great Falls+2
Helena+14
Jamestown+41
LaCrosse+20 +20
Minneapolis+19 +20
Minot+54
St. Paul+12 +32
So. St. Paul+20
Sioux Falls+10 +51
Winona+39

15. IOWA AND NEBRASKA

Burlington+27
Cedar Rapids+11 +38
Clinton+25
Davenport+20 +18
Des Moines+35 +22
Dubuque+10 +26
Fremont+19
Lincoln+19 +8
Mason City+34
(Continued on next page)



16. ST. LOUIS

JAN. 137.4 DEC. 130.9 JAN. 1941, 106.1
UNADJUSTED: JAN. 120.9; DEC. 157.2

JANUARY—Barometer gain over both last year and last month larger than country. St. Louis wholesale trade 20% above 1941. Missouri farm income in December 37% above last year. Non-agricultural employment 12% above 1941. Payrolls and production continued to rise in St. Louis. Collections vary considerably. FEBRUARY—St. Louis department store sales 22% ahead of last year; wholesale market sales up 40 to 50%. Bank debits 24% over 1941 in St. Louis, 11% in Springfield, 30% in Sedalia, 21% in Quincy.

18. MARYLAND AND VIRGINIA

JAN. 162.7 DEC. 156.6 JAN. 1941, 126.2
UNADJUSTED: JAN. 140.1; DEC. 210.8

JANUARY—Barometer gain over both last year and last month larger than country. Baltimore and Richmond wholesale trade up 10% from last year, Norfolk 20%. Industrial payrolls in Maryland up contraseasonally from December, 60% above 1941. Much construction in area. Collections steady to better than last year. FEBRUARY—Industrial activity continues to increase. Baltimore department store sales 40% above 1941; Washington bank debits up 30%, Richmond 26%, Norfolk 19%, Newport News 1%, Roanoke 2%.

20. ATLANTA AND BIRMINGHAM

JAN. 173.8 DEC. 182.7 JAN. 1941, 138.4
UNADJUSTED: JAN. 155.0; DEC. 230.6

JANUARY—Barometer gain over last year slightly larger than country; decrease from December contrasts with rise for country. Atlanta wholesale trade 45% above 1941, Birmingham 10%, Nashville 15%. December farm income 40 to 80% above 1941. Industrial payrolls 47% above 1941 in Alabama, 27% in Georgia, 40% in Tennessee. Collections steady to better than 1941. FEBRUARY—Mining and manufacturing up in Birmingham area. Atlanta department store sales 1% below 1941, Birmingham up 41%, Nashville 13%.

22. MEMPHIS

JAN. 169.5 DEC. 160.5 JAN. 1941, 132.3
UNADJUSTED: JAN. 156.8; DEC. 206.2

JANUARY—Barometer gain over last year larger than country; decline from December contrasts with rise for country. Memphis wholesale trade 10% above 1941. December farm income 67% above 1941 in Arkansas. Seasonal decline in industrial payrolls; sharp gain from December in coal areas. Collections better than 1941. FEBRUARY—Largest trade gains over last year in rural areas. Memphis department store sales 20% above 1941, Little Rock 25%. Fort Smith and Memphis building permits sharply higher than last year.

24. TEXAS

JAN. 173.9 DEC. 158.4 JAN. 1941, 136.9
UNADJUSTED: JAN. 152.7; DEC. 209.6

JANUARY—Barometer gain over both last year and last month larger than country. Dallas wholesale trade up 20%, Houston 15%, San Antonio 24%, Fort Worth 10%, Shreveport 20%. Industrial payrolls steady with December, 40% above 1941. Collections steady to better than 1941. FEBRUARY—Rain needed in much of Texas. Department store sales 8% above 1941 in region. Oil output increasing, 16% above last year. Construction very active along Gulf coast.

17. KANSAS CITY

JAN. 139.7 DEC. 131.8 JAN. 1941, 101.1
UNADJUSTED: JAN. 120.6; DEC. 167.5

JANUARY—Barometer gain over both last year and last month much larger than country. Wholesale trade in Kansas City and Oklahoma City 20% above 1941. December farm income 122% above 1941 in Oklahoma, 50% in Kansas. Employment 7% above 1941; oil output up 25% in Kansas, off 2% in Oklahoma. Collections steady to better than 1941. FEBRUARY—Kansas City department store sales 19% above 1941, St. Joseph 13%, Oklahoma City 2%, Tulsa 15%, Wichita 35%. Wichita payrolls again increased in month.

19. NORTH AND SOUTH CAROLINA

JAN. 173.8 DEC. 156.6 JAN. 1941, 137.3
UNADJUSTED: JAN. 141.0; DEC. 213.4

JANUARY—Barometer gain over both last year and last month larger than country. Wilmington wholesale trade up 25% from 1941, Winston-Salem 5%. December farm income 30% above 1941 in North Carolina, 20% below in South Carolina. Non-agricultural employment 5% above 1941. Payrolls and production steady in month. Collections steady to better than last year. FEBRUARY—Shipbuilding, textile mills working full time. Durham bank debits 18% above 1941, Winston-Salem 28%, Raleigh 22%, Charlotte even.

21. FLORIDA

JAN. 163.4 DEC. 160.8 JAN. 1941, 153.7
UNADJUSTED: JAN. 174.7; DEC. 229.6

JANUARY—Barometer gain over last year smallest of any region; gain over December less than country. Jacksonville wholesale trade 7% above 1941, Tampa 20%. December farm income 21% above 1941. Citrus laborers more steadily employed than in past seasons. Vegetable shipments normal. Industrial payrolls 13% above 1941. Collections steady with 1941. FEBRUARY—Winds blew down 50% of ripe fruit on trees. About half of scheduled Winter conventions cancelled. Pensacola bank debits 41% above 1941, Tampa 23%, Miami 6%, Jacksonville 9%.

23. NEW ORLEANS

JAN. 136.8 DEC. 141.8 JAN. 1941, 113.6
UNADJUSTED: JAN. 124.1; DEC. 183.6

JANUARY—Barometer gain over last year less than country; decline from last month contrasts with rise for country. December farm income 70 to 80% above last year. Industrial payrolls 50% greater than 1941, decline from December in Mississippi, rise in Louisiana. Collections steady with last year. FEBRUARY—Shipbuilding increasing. Many small plants obtained war orders. New Orleans bank debits 27% above 1941, Jackson 28%, Meridian 21%, Vicksburg 64%.

25. DENVER

JAN. 136.4 DEC. 132.7 JAN. 1941, 107.8
UNADJUSTED: JAN. 121.7; DEC. 169.5

JANUARY—Barometer gain over last year slightly larger than country, over last month slightly less than country. Colorado farm income 6% below 1940 in December, Wyoming up 12%. Range conditions good, cattle heavier than last year. Non-agricultural employment 3% above 1941 in Wyoming; 11% in Colorado, aided by war work. Collections steady with 1941. FEBRUARY—Denver department store sales 8% above 1941. Steel mills at capacity; mining active. Value of Pueblo building permits more than double 1941.

Per cent change, January 1942, from last year, on rail trade estimates (italics) and check transactions:

15. IOWA AND NEBRASKA

Omaha+32 +30
Sioux City+18 +42
Waterloo+20 +25

16. ST. LOUIS

East St. Louis+35
Quincy, Ill.+20 +20
St. Louis+40 +24
Sedalia+31
Springfield+8 +17

17. KANSAS CITY

Atchison+30
Bartlesville+20
Emporia+18
Enid+22
Hutchinson+20
Independence+20
Joplin+24
Kansas City+27 +20
Lawrence+22
Muskogee+20
Oklahoma City+10 +10
Oklmulgee+22
Pittsburg+21
St. Joseph+10 +11
Salina+24
Topeka+24
Tulsa+20 +24
Wichita+15 +20

18. MARYLAND AND VIRGINIA

Baltimore+15 +11
Bristol+5
Cambridge+23
Danville+20
Hagerstown+20
Lynchburg+30 +11
Newport News+1
Norfolk+25 +20
Portsmouth+25
Richmond+17 +20
Roanoke+28 +11
Washington+42 +20

19. NORTH AND SOUTH CAROLINA

Asheville+7 +20
Charlotte+40 +20
Charlotte+15 +11
Columbia+15 +17
Durham+5
Greensboro+5 +11
Greenville+25 +10
Raleigh+5 +10
Spartanburg+20
Wilmington+11
Winston-Salem+12 +21

20. ATLANTA AND BIRMINGHAM

Albany+20
Atlanta+12 +20
Augusta+20 +23
Birmingham+23 +21
Brunswick+24
Chattanooga+12 +10
Columbus+15 +11
Dothan+21
Ellerton+21
Knoxville+23 +11
Macon+25 +10
Mobile+20 +10
Montgomery+22 +21
Nashville+10 +10
Newman+21
Savannah+10 +10
Valdosta+21

21. FLORIDA

Jacksonville+20
Miami+8
Pensacola+21
Tampa+22 +21

22. MEMPHIS

El Dorado+21
Fort Smith+31 +11
Helena+24
Little Rock+16 +10
Memphis+12 +10
Pine Bluff+21
Texarkana+24

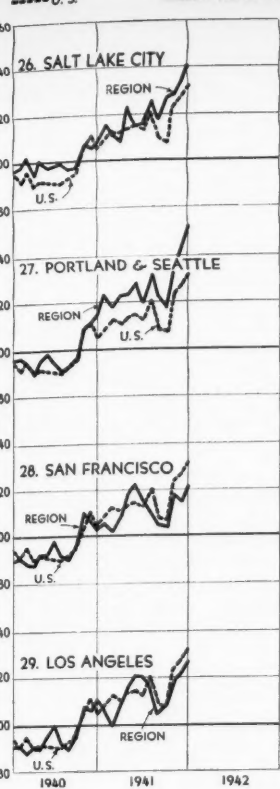
23. NEW ORLEANS

Hattiesburg+1
Jackson+15 +11
Meridian+10 +10
New Orleans+10 +10
Vicksburg+21

24. TEXAS

Abilene+25
Amarillo+10
Austin+20 +20
Beaumont+28 +11
Corsicana+21
Dallas+20 +11
El Paso+10
Fort Worth+20 +11
Galveston+20
Houston+25 +11
Lubbock+25
Port Arthur+20
Roswell+20
San Antonio+23 +11
Shreveport+15 +11
Texarkana+21
Tucson+20
(Continued on next page)

Region
U.S.
Adjusted for Seasonal
Variation, 1928-32-100



26. SALT LAKE CITY
JAN. 140.0 DEC. 132.8 JAN. 1941, 108.0
UNADJUSTED: JAN. 124.0; DEC. 184.9

JANUARY—Barometer gain over both last year and last month larger than country. Retail trade gains over last year in Boise and Ogden above district average. Farm income sharply above 1941 in Utah, up moderately in Idaho. Salt Lake City wholesale trade up 15% from 1941. Payrolls and production above last year, steady with December. Collections somewhat improved over December. FEBRUARY—Salt Lake City department store sales 27% above 1941; payrolls up, aided by substantial influx of families.

28. SAN FRANCISCO
JAN. 120.6 DEC. 115.8 JAN. 1941, 104.2
UNADJUSTED: JAN. 108.7; DEC. 153.3

JANUARY—Barometer gain over last year continues smaller than country; gain over last month larger than country. Fruit, wines, brandies moving well. Rain delayed cotton-picking. Industrial payrolls generally sharply higher than 1941 due to much war work; Fresno, Sacramento gains moderate. Collections steady with last year. FEBRUARY—Floods caused substantial damage in several farm counties. Bank debits up 54% in San Francisco, Fresno 22%, Sacramento 55%. Sub-contracting increasing in Sacramento.

ADDITIONAL REGIONAL trade statistics for many cities include: sales of independent retailers in cities in 34 States surveyed monthly by the U. S. Bureau of the Census; department store sales and bank debits, issued weekly and monthly by the Federal Reserve Board.

27. PORTLAND AND SEATTLE
JAN. 151.3 DEC. 135.1 JAN. 1941, 114.6
UNADJUSTED: JAN. 127.2; DEC. 173.6

JANUARY—Barometer gain over both last year and last month much larger than country; Seattle wholesale trade 25% above 1941, Portland 33%. Farm income December 20% above 1941 in Washington, off 7% in Oregon. Payrolls and production well above last year, stimulated by war work. Collections steady to better than 1941. FEBRUARY—Construction very active, much plant expansion. Seattle department store sales 43% above 1941, Portland 33%. Lumber production up moderately; orders still exceed output.

29. LOS ANGELES
JAN. 126.5 DEC. 121.6 JAN. 1941, 111.4
UNADJUSTED: JAN. 118.3; DEC. 153.3

JANUARY—Barometer gain over last year again smaller than country; gain over December larger than country. Los Angeles wholesale trade up 35% from 1941. Cattle condition very satisfactory. Fruit and truck crop movement expanded. Industrial payrolls sharply higher than 1941, up in month as war industries expanded. Mining stimulated by higher prices. Collections better than 1941. FEBRUARY—Los Angeles department store sales 18% above 1941. Freeze damaged 15% of orange crop. Motion picture activity ahead of 1941.

Per cent change, January 1942, from last year; retail trade estimates (italics) and check transactions:

24. TEXAS
Tyler+5
Waco+8
Wichita Falls.....+10

25. DENVER
Albuquerque.....+10
Casper+7
Cheyenne+9
Colorado Springs.....+20
Denver+15
Grand Junction.....+8
Pueblo+23

26. SALT LAKE CITY
Boise+17
Ogden+49
Salt Lake City.....+25

27. PORTLAND AND SEATTLE
Bellingham+33
Everett+26
Eugene+31
Portland+25
Salem+31
Seattle+35
Spokane+15
Tacoma+15
Walla Walla.....+18
Yakima+30

28. SAN FRANCISCO
Bakersfield+25
Fresno+17
Oakland+15
Sacramento+10
San Francisco.....+5
San Jose+30
Santa Barbara.....+14
Stockton+19

29. LOS ANGELES
Long Beach.....+56
Los Angeles.....+15
Pasadena+6
Phoenix+20
San Diego+25
Santa Barbara.....+14

SIGNIFICANT BUSINESS INDICATORS

COMPILED BY THE STATISTICAL STAFF OF "DUN'S REVIEW"

More detailed figures appear in "DUN'S STATISTICAL REVIEW"

There is available upon request information (methods, back figures, obtaining data previous to publication, and so on) about any of the data—such as those summarized here—originally compiled by DUN & BRADSTREET, INC. . . . The Wholesale Food Price Index is the sum of the wholesale price per pound of 31 commodities in general use.

Bank Clearings

23 United States Cities

(Millions of dollars)

	1942	1941	1940
January	31,483	26,166	24,140
February	22,687	20,641	20,641
March	27,609	23,681	23,681
April	27,105	23,587	23,587
May	27,602	24,361	24,361
June	28,094	21,838	21,838
July	28,483	22,939	22,939
August	27,125	21,046	21,046
September	27,308	21,083	21,083
October	32,283	25,289	25,289
November	28,437	25,224	25,224
December	33,893	27,862	27,862
Total	336,780	281,691	281,691

	1942	1941	1940
January	1,210.9	1,005.9	928.5
February	1,031.2	897.4	897.4
March	1,061.9	910.8	910.8
April	1,042.5	907.2	907.2
May	1,061.6	936.9	936.9
June	1,123.7	873.5	873.5
July	1,095.5	882.3	882.3
August	1,043.3	779.5	779.5
September	1,092.3	878.5	878.5
October	1,241.7	972.7	972.7
November	1,202.6	1,096.7	1,096.7
December	1,303.6	1,114.5	1,114.5
Total	1,116.3	931.5	931.5

Building Permit Values—215 Cities

GEOGRAPHICAL DIVISIONS	January 1942	January 1941	Per Cent Change	December 1941
New England	\$2,972,806	\$4,371,007	-32.0	\$5,156,774
Middle Atlantic	8,215,786	27,831,509	-70.5	14,650,599
South Atlantic	7,962,005	11,792,111	-32.5	13,070,966
East Central	17,909,297	20,562,048	-12.9	19,560,186
South Central	9,075,989	9,966,501	-8.9	22,840,566
West Central	3,014,262	3,214,638	-6.2	3,299,103
Mountain	1,080,704	1,717,843	-37.1	1,347,810
Pacific	12,092,901	26,102,884	-53.7	13,930,745
Total U. S.	\$62,323,750	\$105,558,541	-41.0	\$93,856,749
New York City	\$2,849,510	\$19,573,412	-85.4	\$6,724,050
Outside N. Y. C.	\$59,474,240	\$85,985,129	-30.8	\$87,132,699

Bank Clearings for Individual Cities

(Thousands of dollars)

	January 1942	January 1941	Per Cent Change	December 1941
Boston	1,385,407	1,128,466	+22.8	1,485,676
Philadelphia	2,524,000	2,039,000	+23.8	2,747,000
Buffalo	226,057	174,878	+29.3	236,911
Pittsburgh	859,111	712,483	+20.6	1,022,409
Cleveland	719,965	548,811	+31.2	800,502
Cincinnati	388,472	303,693	+27.9	422,832
Baltimore	504,199	408,687	+23.4	540,139
Richmond	252,999	217,119	+16.5	282,274
Atlanta	435,400	336,600	+29.4	483,400
New Orleans	268,717	209,275	+28.4	285,967
Chicago	1,854,364	1,538,815	+20.5	2,050,355
Detroit	952,657	682,389	+39.6	947,904
St. Louis	570,691	439,919	+29.7	631,091
Louisville	271,579	204,653	+32.7	284,747
Minneapolis	425,415	314,455	+35.3	463,067
Kansas City	613,526	466,802	+31.4	649,181
Omaha	186,955	142,566	+31.1	207,722
Dallas	376,600	287,023	+31.2	389,770
Houston	317,748	243,084	+30.7	332,029
San Francisco	898,130	699,883	+28.3	976,612
Portland, Ore.	229,447	168,888	+35.9	240,341
Seattle	285,186	201,877	+41.3	282,517
Total 22 Cities	14,546,625	11,469,456	+26.8	15,762,446
New York	16,936,770	14,685,100	+15.3	18,130,956
Total 23 Cities	31,483,395	26,154,556	+20.4	33,893,402

Wholesale Food Price Index

1942	1941	1940
Mar. 24. \$3.57	Mar. 25. \$2.69	Mar. 26. \$2.29
Mar. 17. 3.57	Mar. 18. 2.65	Mar. 19. 2.29
Mar. 10. 3.59	Mar. 11. 2.61	Mar. 12. 2.31
Mar. 3. 3.57	Mar. 4. 2.59	Mar. 5. 2.32
Feb. 24. 3.56	Feb. 25. 2.55	Feb. 27. 2.30
Feb. 17. 3.55	Feb. 18. 2.55	Feb. 20. 2.33
Feb. 10. 3.53	Feb. 11. 2.55	Feb. 13. 2.34

	NUMBER OF FAILURES			CURRENT LIABILITIES Thousands of dollars			TOTAL LIABILITIES Thousands of dollars		
	1942	1941	1940	1942	1941	1940	1942	1941	1940
Jan.	962	1,124	1,237	9,916	11,888	15,279	10,463	12,535	15,805
Feb.	1,129	1,042		13,483	13,472		14,323	13,600	
Mar.	1,211	1,197		13,444	11,681		14,754	12,130	
Apr.	1,149	1,291		13,827	16,247		15,068	17,114	
May	1,119	1,238		10,065	13,068		10,215	13,437	
June	970	1,114		9,449	13,734		10,183	25,101	
July	908	1,175		13,422	16,213		14,097	17,756	
Aug.	954	1,128		11,134	12,997		11,949	13,223	
Sept.	735	976		9,393	11,397		10,904	15,473	
Oct.	809	1,111		7,333	12,715		7,772	14,236	
Nov.	842	1,024		9,197	16,572		10,514	17,987	
Dec.	898	1,086		13,469	13,309		16,131	14,480	
Total	11,848	13,619		136,104	166,684		148,445	190,342	

	DUN'S INSOLVENCY INDEX†						FEDERAL RESERVE DISTRICTS	Jan. 1942	Jan. 1941	Per Cent Change
	UNADJUSTED			ADJUSTED‡						
	1942	1941	1940	1942	1941	1940				
Jan.	53.5	62.2	67.1	45.3	51.8	54.6	Dallas	10	41	-76
Feb.	...	71.3	66.7	...	62.0	58.0	Philadelphia	55	81	-32
Mar.	...	62.5	62.6	...	61.3	61.4	New York	348	442	-21
Apr.	...	61.5	70.1	...	58.6	67.4	Richmond	37	45	-18
May	...	59.9	66.9	...	58.7	65.6	Kansas City	40	48	-17
June	...	53.9	62.5	...	55.0	64.4	Boston	76	90	-16
July	...	50.4	63.0	...	56.0	70.8	St. Louis	32	33	-3
Aug.	...	49.0	60.6	...	57.0	71.3	Cleveland	52	53	-2
Sept.	...	40.7	54.3	...	48.4	64.6	San Francisco	97	99	-2
Oct.	...	44.8	61.7	...	48.2	67.1	Chicago	145	135	+7
Nov.	...	48.4	61.9	...	46.1	59.5	Atlanta	49	40	+22
Dec.	...	49.5	58.0	...	49.5	57.4	Minneapolis	21	17	+23

† Apparent annual failures per 10,000 enterprises. ‡ For seasonal variation.

FAILURES BY DIVISIONS OF INDUSTRY—JANUARY 1942 AND 1941
(Current liabilities in thousands of dollars)

	Number			Liabilities		
	Jan. 1942	Dec. 1941	Jan. 1941	Jan. 1942	Dec. 1941	Jan. 1941
TOTAL UNITED STATES	962	898	1,124	9,916	13,469	11,888
MINING, MANUFACTURING	159	146	161	3,550	5,651	4,217
*Mining—Coal, Oil, Misc.	4	4	7	184	577	197
Food and Kindred Products	39	25	27	1,378	547	894
Textile Mill Prods., Apparel	44	42	44	615	877	820
Lumber, Lumber Products	11	12	15	176	238	293
Paper, Printing, Publishing	13	14	16	70	206	524
Chemicals and Allied Products	6	11	7	200	254	88
Leather, Leather Products	5	6	6	99	159	214
Stone, Clay, Glass Products	1	3	4	4	81	163
Iron and Steel, and Products	5	4	6	173	553	555
Machinery	3	5	5	51	780	29
Transportation Equipment	3	1	1	100	2	7
Miscellaneous	25	19	23	500	1,377	433
WHOLESALE TRADE	81	87	95	1,285	1,471	1,629
Food and Farm Products	33	27	36	652	396	869
Apparel	2	6	9	8	57	116
Dry Goods	2	3	6	13	15	149
Lumber, Bldg. Mats., Hardware	7	9	7	284	119	97
Chemicals and Drugs	5	8	3	51	430	34
Motor Vehicles, Equipment	2	5	8	9	103	92
Miscellaneous	30	29	26	268	351	272
RETAIL TRADE	604	540	771	3,641	4,323	5,084
Food and Liquor	182	211	221	710	1,026	1,265
General Merchandise	35	34	52	222	295	303
Apparel and Accessories	81	51	167	495	370	1,115
Furniture, Home Furnishings	36	29	49	240	348	432
Lumber, Bldg. Mats., Hardware	22	26	33	152	347	246
Automotive Group	45	30	51	304	219	441
Eating and Drinking Places	109	94	94	966	672	685
Drug Stores	36	30	39	249	862	208
Miscellaneous	58	35	65	303	184	389
CONSTRUCTION	65	63	54	851	1,161	599
General Building Contractors	20	17	18	469	460	292
Building Sub-contractors	42	43	33	331	295	225
Other Contractors	3	3	3	51	406	82
COMMERCIAL SERVICE	53	62	43	589	863	359
Highway Transportation	12	11	11	131	368	98
Miscellaneous Public Services	3	1	1	226	50	8
Hotels	1	6		17	153	
Cleaning, Dyeing, Repairing	6	9	4	25	55	23
Laundries	7	9	4	95	81	101
Undertakers	2	4	4	6	52	34
Other Personal Services	3	5	5	22	46	17
Business and Repair Services	19	17	14	67	58	78

* Subtract this item to obtain true manufacturing total.

JANUARY FAILURE RISE IS LESS THAN SEASONAL

ANALYZING THE INDUSTRIAL AND COMMERCIAL RECORD

AN increase in the number of industrial and commercial failures occurred in January 1942, but it failed to meet the dimensions of the usual January rise which in the average year follows end-of-year settlements. January failures numbered 962 compared with 898 in December, a rise of only 7 per cent in contrast to a normal rise of some 20 per cent. Liabilities, however, were off from \$13,469,000 in December to \$9,916,000, and January joined the thin but growing ranks of those months in which liabilities were less than \$10,000,000. A year ago failures totalled 1,124 with liabilities of \$11,888,000.

While the rate of failure, as measured by DUN's Insolvency Index, has increased steadily each month since September 1941, and in January advanced four points, from 49.5 failures in every 10,000 concerns in business in December to 53.5 in January, seasonal adjustments show that this increase was actually much less than the normal Fall and Winter rise, and that failures during this period of seeming rise were actually in a well-defined downward movement. Following a reversal in December, this decline was continued into January with a drop in the adjusted index from 49.5 in December to 45.3.

A January rise materialized to some extent in manufacturing, retailing, and construction, but not in wholesaling or commercial service. Manufacturing failures were up 9 per cent over December. It is difficult to appraise this rise in terms of past performance, for the four increases from December to January which have occurred in the last seven years have ranged from as little as 1 per cent (in 1936) to as much as 25 per cent (in 1939), and in the three other years, including 1940 and 1941, manufacturing failures were lower in January than in December, last year by as much as 20 per cent.

Changes in the current manufacturing record, either up or down, were negligible in most of the individual lines, except in foods, where failures in dairy products increased noticeably, and in chemicals and drugs, where a decline was substantial.

January Retail Failures Below Normal

Retail trade failures were up 12 per cent, from 540 to 604, but this rise marked a less degree of change from December levels than has occurred in the last seven years. January increases in both 1940 and 1941 amounted to only 14 per cent, but these also were below the normal which is probably in the neighborhood of 20 to 25 per cent.

An increase of 59 per cent in apparel and accessory shops was outstanding, and was accounted for primarily by men's clothing and furnishing stores and women's accessory shops. Women's ready-to-wear shops showed little change. While general merchandise store failures as a whole numbered the same as in December, there was within the total a doubling of small dry goods store failures, and a cut of one-half in country general stores.

A 50 per cent rise in automotive lines from 30 to 45 was principally in garages and repair shops, which were up from 9 to 19. No striking change has yet appeared in the number of actual failures among automobile dealers. Numbering 10 in January, they were only half as numerous a year ago, and were under the 1941 average of 13 a month.

There was some increase in furniture store failures, but little change in miscellaneous house furnishings and appliance stores. Lumber and building materials dealers

were in a more favorable position than in December, judging by a substantial failure decline. No particular change in the situation among hardware stores has developed. However, small cigar stores, jewelry stores, and gift shops went out in January in decidedly increasing numbers. Food store failures as a whole were down.

The sharp rise in wholesale trade failures noted in December was not continued into January. Failures did hold to their upward course in food lines, but were down in all others, causing a net drop of 7 per cent from December.

Only 1 Per Cent Drop In Manufacturing

Principally because of a sharp drop in manufacturing failures a year ago, the current level of this group was only 1 per cent lower than in January 1941. Among wholesalers and retailers, movements in the two periods similar in both direction and extent resulted in current levels 15 to 20 per cent below last year's. Construction and service failures were again more numerous than in the comparable month of 1941.

INDUSTRY GROUP	Jan. 1942	Jan. 1941	Per Cent Change
Manufacturing	159	161	-1
Wholesale Trade	81	95	-15
Retail Trade	604	771	-22
Construction	65	54	+20
Commercial Service	53	43	+23
Total	962	1,124	-15

One noteworthy feature of the January record was the fact that no increase occurred in the total number of either substantial sized failures or large failures; the entire month's rise was among small concerns. Large failures declined from 20 to 14 and substantial sized failures, those with debts between \$25,000 and \$100,000, were down from 68 to 58. Quite a lessening in failures among substantial sized retail stores was noted, offset in part, however, by the closing of four more sizable manufacturers than in December. Failures with liabilities between \$5,000 and \$25,000 were about equal in number in the two months, and the very small failures increased 14 per cent.

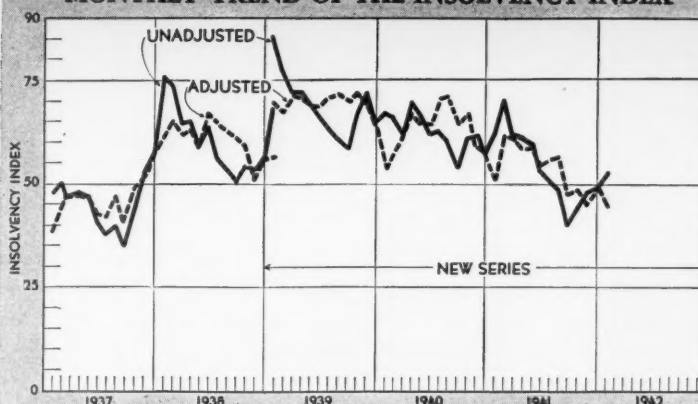
SIZE GROUP	Jan. 1942	Jan. 1941	Per-Cent Change
Under \$5,000	548	640	-14
\$5,000-\$25,000	342	395	-14
\$25,000-\$100,000	58	69	-16
\$100,000 and over	14	20	-30
Total	962	1,124	-15

Geographically, a January rise of fairly normal proportions occurred in the New England States, the South Atlantic States, and the Middle Western States within the Chicago, Cleveland, and St. Louis Federal Reserve Districts. Correlating this rise with the rise in small failures, it is not surprising to find sharply increased numbers of retail trade failures in these areas, particularly in Chicago. There was an accompanying rise in manufacturing failures in the Atlantic district, but in the more industrially developed New England and North West Central States manufacturing failures were off.

Failures were unchanged in total numbers in the New York District and in the Far Western districts of Kansas City, Minneapolis, and San Francisco, but within total numbers there was an increase in manufacturing failures in New York and a sharp rise in wholesale failures on the West Coast, with no retail rise in these sections. Manufacturing failures were also somewhat higher in the Philadelphia District, but falling retail failures resulted in a moderate drop in total numbers. A sharp retail drop occurred in the Dallas District.

Canadian failures numbered 77 with liabilities of \$963,000 compared with 78 in December with debts of \$722,000. A year ago there were 79 with liabilities of \$435,000.

MONTHLY TREND OF THE INSOLVENCY INDEX



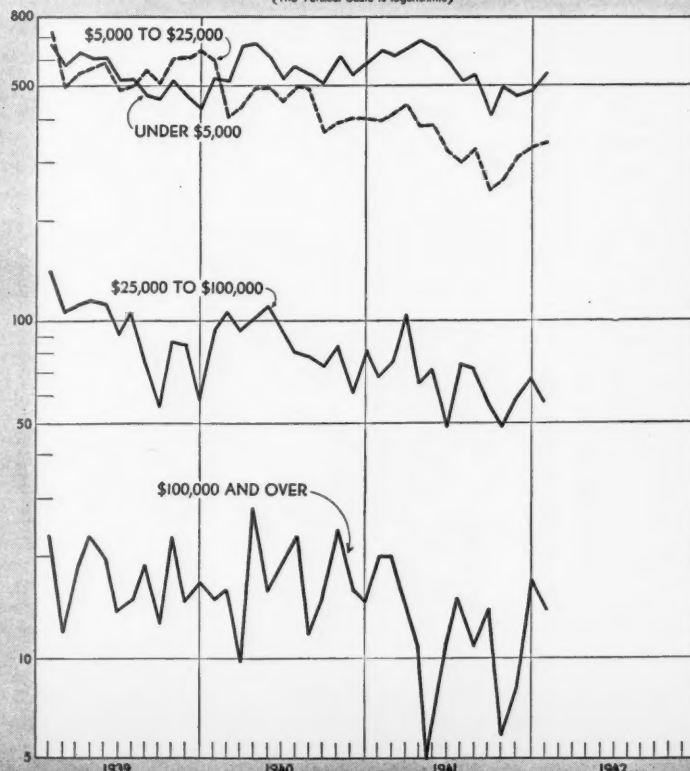
FAILURES BY INDUSTRIAL GROUPS

(The Vertical Scale is logarithmic)



FAILURES BY SIZE OF LIABILITIES

(The Vertical Scale is logarithmic)



HERE *and* THERE in BUSINESS

WHAT'S NEW AS OBSERVED BY THE AGENCY'S REPORTERS

Rothschild—To insure the continuation of the banking house of N. M. Rothschild and Sons, London, in the event of sudden and simultaneous death by enemy action of the two partners, a company called Rothschild Continuation, Ltd., has been formed, with a capital of 100 pounds and a stock issue of two shares. The function of this new company, according to a report in *The Economist* (London) will be to carry on business of the banking house until new partners assume control.

Wet Roof—For coolness in Summer and insulation in Winter, the roof of a new Monroe Calculating Machine Company plant will be covered with three inches of flowing water. The water, by evaporating during the Summer, should keep the building, which is windowless, cooler, thus decreasing the air conditioning system load. Similar in this to the design of a large bakery in Oakland, Cal. (DUN'S REVIEW, October 1940), the Monroe plant expects in addition to gain heat insulation from the flowing water in Winter.

Post-War—Starting this June, the methods employed by individual companies in long-range planning for the post-war period will be studied by the Industrial Relations section of the Massachusetts Institute of Technology. Special arrangements have been made with a group of companies to permit graduate students to conduct these Summer studies at company offices.

Under consideration will be the employment problem involved in shifting from peace-time to wartime production and how companies and industries should plan for the maintenance of full employment at war's end. The possibilities of expanding the standard of living after the war by reorienting wartime research facilities will also be investigated.

Electrolysis—As the result of twelve years of research a method has been announced by which low grade iron ore—about 20 to 30 per cent—can be worked profitably. The recovery method used is electrolysis, familiar to the public as electro-plating.

Iron obtained by the new method is especially useful for powder metallurgy because of its hydrogen content. It also is more ductile, resists corrosion, and has magnetic properties differing from iron obtained by smelting.

The electrolytic process for extracting iron from low grade ores was perfected by research at the Ford Motor Company, Dearborn, Mich. A pilot plant is expected to go up shortly at the Ford River Rouge plant. Here iron dissolved out of the ore in a chemical solution will then be plated out of the solution and gathered in sheets, 99 per cent pure, on an electrode. Cheap electric power is an essential of the process.

Printing Press—In the plant of manufacturers of remembrance advertising, Brown & Bigelow, St. Paul,



BLACKOUT PHOTO—During a visit by the New York State Legislature to American Locomotive and General Electric plants, members were photographed in a completely blacked out room by means of a new GE infra-red flash. They saw a demonstration of the possible use of television in political campaigning. The tour may represent another technique in fostering good business-government relations.

Minn., there is a newly developed, high-speed, multicolor, sheet-fed gravure press which includes printing units for letterpress reproduction. The latter give to lines and type matter sharp edges not obtained by ordinary gravure. Harris-Seybold-Potter Company of Cleveland, Ohio, designed and built the combination press. As soon as the national emergency is past, they expect to place others on the market.

In gravure reproduction practically the entire printed surface is covered with an ink film of varying thicknesses, as the printing is done from plates having a great number of ink wells of the same size, but varying in depth. The number of ink wells may run as high as 160,000 per square inch. These wells

PHOTO FROM THE R. F. GOODRICH COMPANY



AUTO-RAILER—Carrying explosives at up to 60 miles an hour on either the highway or railway tracks, the Auto-Railer of Evans Products Company combines train wheels with truck tires to obtain six times greater tractive power than with rail wheels alone, while at the same time any jolts and jars from rails are lessened.



Your Life Insurance in Wartime

IN TIME OF WAR, the security underlying your life insurance takes on a new meaning. More than ever before, security for the family is paramount.

While supporting that security, your life insurance dollars, invested in Government Bonds, are helping to buy planes, tanks, ships, guns, and all the other implements of war. Thus your life insurance dollars are helping to safeguard American lives and liberties.

At the end of 1941, Metropolitan had a total of \$1,214,931,424.25 invested in United States Government Bonds... about 22% of the Company's assets. In addition,

\$104,982,562.49 was invested in Canadian Government Bonds.

In both the United States and Canada, life insurance dollars are helping to finance your defense housing, transportation facilities, the production of power, and the industries which are pouring out the steel, chemicals, oil, food, munitions, and other materials needed for the war. Each month more and more of your life insurance dollars are flowing from the channels of peace into investments that serve war uses and war industries.

Because of public appreciation of life insurance, increased efficiency of our

agents, and the better national income during 1941, lapses and surrenders were at the lowest rate recorded in the Company's history.

In fulfilling its obligations to policyholders during 1941, Metropolitan paid or credited to policyholders and their beneficiaries more than \$567,900,000. Of this amount, more than \$383,700,000 was paid or credited to *living* policyholders.

Metropolitan is a mutual company. Its assets are held for the benefit of its policyholders and their beneficiaries. In the meantime, these assets are, as always in the past, being used to help meet national needs.

BUSINESS REPORT FOR THE YEAR ENDING DECEMBER 31, 1941

(In accordance with the Annual Statement filed with each State Insurance Department.)

OBLIGATIONS TO POLICYHOLDERS, BENEFICIARIES, AND OTHERS

Policy Reserves Required by Law	\$4,909,535,985.79
This amount, together with future premiums and interest, is required to assure payment of all future policy benefits.	
Dividends to Policyholders	109,974,302.00
Set aside for payment in 1942 to those policyholders eligible to receive them.	
Funds for Future Payment Under Supplementary Contracts	166,485,627.70
Policy proceeds from death claims, matured endowments and other payments which beneficiaries and policyholders have left with the Company to be paid out to them in future years.	
Dividends Left with the Company	26,574,405.52
Amounts of dividends, and interest thereon, left on deposit with the Company.	
Policy Claims Currently Outstanding	24,247,909.86
Amount of claims in process of settlement, and estimated amount of claims that have occurred but have not yet been reported to the Company.	
Other Policy Obligations	18,218,374.00
Including premiums paid in advance, etc.	
Taxes Due or Accrued	12,914,533.00
Includes estimated amount of taxes payable in 1942 on the business of 1941.	
Reserve for Mortgage Loans	11,000,000.00
To provide against possible depreciation in value of such loans.	
Miscellaneous Liabilities	21,011,915.49
Other liabilities not included above.	
TOTAL OBLIGATIONS	\$5,299,963,053.36

ASSETS WHICH ASSURE FULFILLMENT OF OBLIGATIONS

National Government Securities	\$1,319,913,986.74
U. S. Government	\$1,214,931,424.25
Canadian Government	104,982,562.49
Other Bonds	2,091,311,142.34
U. S. State and Municipal	92,949,983.75
Canadian Provincial and Municipal	102,808,619.82
Railroad	554,581,646.59
Public Utilities	801,409,204.15
Industrial and Miscellaneous	539,561,688.03
Stocks	82,191,836.00
All but \$128,323.00 are Preferred or Guaranteed.	
First Mortgage Loans on Real Estate	955,324,104.05
Farms	88,382,977.02
Other Property	866,941,127.03
Loans on Policies	486,834,916.35
Made to policyholders on the security of their policies.	
Real Estate Owned	407,190,758.93
Includes Housing Projects, and real estate for Company use.	
Cash	152,218,269.31
Premiums	92,276,856.92
Included in determining Policy Reserves, but not yet received.	
Interest and Rents Due and Accrued, etc.	60,785,325.43
TOTAL ASSETS TO MEET OBLIGATIONS	\$5,648,047,196.07

SURPLUS FUNDS \$348,084,142.71

The Company holds total assets which exceed the total of its obligations by \$348,084,142.71, for the purpose of giving added assurance that all benefits to policyholders and beneficiaries will be paid in full as they fall due. This amount is composed of

Special Surplus Funds . . . \$7,190,000.00

Unassigned Funds (Surplus) . . . \$340,894,142.71

and serves as a cushion against possible unfavorable experience, whether due to economic conditions or unexpected claims.

NOTE—Assets carried at \$256,949,853.57 in the above statement are deposited with various public officials under requirements of law or regulatory authority. Canadian business embraced in this statement is reported on basis of par of exchange.

Metropolitan Life Insurance Company

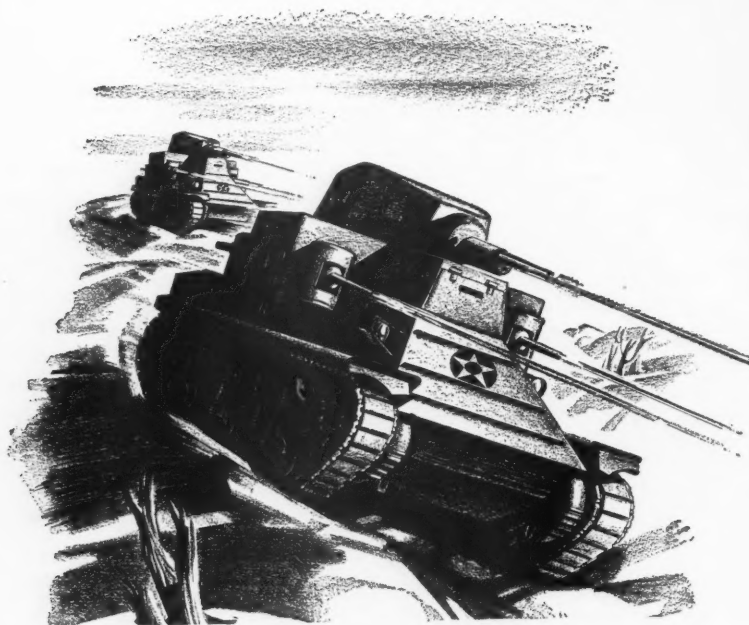
FREDERICK H. ECKER, *Chairman of the Board*

(A MUTUAL COMPANY)

LEROY A. LINCOLN, *President*

1 Madison Avenue, New York, N. Y.

If you can't fight— **BUY BONDS!**



Buy Bonds for Tanks, Planes, Guns, Ships—Bonds for Victory!



Forty-five thousand tanks this year...a tank every twelve minutes. Part of what it takes to fight this all-out war. Dollars, too, are fire-power. Bonds build tanks, planes, guns, ships. If you can't fight, buy Bonds.

Buy every pay day. Not just what you can comfortably afford... wars aren't won *that* way. Refigure your budget... spend *less* and buy *more* Bonds. Fight as hard with your dollars as American boys are fighting with their lives.

BANKERS TRUST COMPANY

NEW YORK

Safe Deposit Facilities at Our Three New York Offices—Bankers Safe Deposit Company



FILMED CONGRATULATIONS—When 60 veterans of Consolidated Edison Company of New York, Inc., were to be honored for a quarter century of service, the toastmaster's task was performed by a 1,800-foot, 16 mm. color motion picture showing each man on the job and at home enjoying his favorite avocation. The film pointed out with some humor the safety precautions exercised by these veterans. It was shown at a dinner and quarter-century service pins were presented privately afterwards.

are separated by extremely thin walls, hence, as the ink from each well is impressed on the paper, it blends with the ink from adjacent wells, thus forming a practically continuous tone or photographic image.

In the new press which combines letterpress with gravure units, the appearance of each unit and the arrangement within the machine are identical. The combination gravure and letterpress resembles a series of Roman arches. The bases of these arches are the printing units. Between impressions, the sheet is carried up, over, and down the arch to the next unit. Jets of air, many of them heated, support the freshly printed sheets, drying the ink on the sheet during its transit from one unit to the next. The sheet, as it passes through the press from one unit to the other, is held continually by gripper devices to insure perfect register of one color with the other.

Paint Charts—As a help in specifying the correct paint for an industrial job, two new paint selector charts list 51 types of surfaces to be covered, 37 paints which are suitable for one or another of these 51, and 43 of the maker's paint products with information on whether or not each is suitable under specific conditions, such as "under water." Heat resistance, square foot coverage per gallon, and drying time are listed as well as the thinner or

primer recommended. The charts are called the Valdura Paint Selector and are issued by the American-Marietta Company, Chicago, Ill.

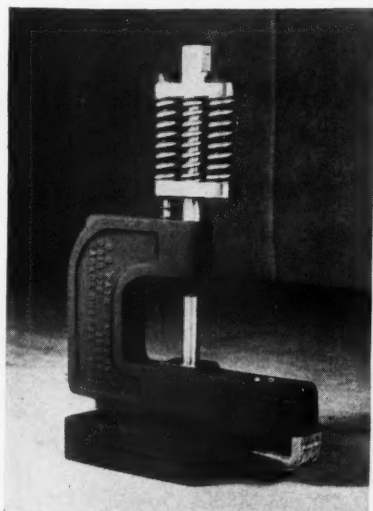
Freight Cars—Thirteen designs for freight cars have been recommended by the Car Construction Committee of the Association of American Railroads' Mechanical Division as a basis for a simplified practice program. The thirteen to which the member roads are being asked to restrict their future orders are three box cars, one auto-box car, two hopper cars, four gondola cars, and three flat cars.

Policy Change—Henceforth for the duration, catalogues of Remington Rand Inc., which previously included no prices, will show the price on each item and carry informative copy with less than usual emphasis on sales talk.

The first of this combined guide and price-book type of catalogues is a loose-leaf equipment manual. It's expected to keep up sales coverage in out-of-the-way towns where sales calls have become uneconomic.

Avocado—After a year of experiments to preserve the freshness of their fruit during marketing, the La Habra

PUNCHER—With this Naropunch die and punch holder, 3/16-inch maximum holes can be punched on a minimum center-to-center distance of 3/8-inch, with a shut height of 6 1/4 inches. The three springs at the top are Selective Strippers for freeing the apparatus from various gages and types of metals after punching. (Sometimes only one or two springs may be used, depending on the metal.) Maker of the Naropunch is The Strippit Corp.



What Price will you get for your Scrap in 1942?



Get OUR FREE BOOKLET before you sell another penny's worth of scrap paper—rubber—cloth or metal! Read every word of it, no matter how large or small your salvage is. Learn how to get the ceiling prices, the highest prices for scrap in 1942!

THE MAN WHO sells his company's scrap materials as "JUNK" today has a profitable surprise in store for him when he sells his first shipment through the Flett Organization, the largest firm of its kind in the world.

He may find his scrap income suddenly and amazingly doubled. Or even tripled overnight. He will certainly find it greatly increased by the Flett Plan. Yet he will pay only a small, fixed percentage fee.

FLETT'S NATIONWIDE OPERATION in the salvage field—large trained staff of collaborators—and a shrewd Scotch heritage make it possible for Flett to guarantee the richest possible returns and get money today for materials that yesterday were worthless. You are assured of profits you could never get by selling to a "junk" dealer.

THE FLETT PLAN IS PROVED! We can show you records. We raised the waste paper sales of one of our clients from \$5,000 to \$23,000 in two years. For another we increased salvage sales to 160% over the original \$20,000. We have doubled and tripled the salvage revenue for customer after customer, large and small. And we can prove it! See for yourself. Read why and how you can get "More Money for Scrap."

THIS BOOKLET WILL OPEN YOUR EYES to what you don't know about SCRAP. It explains Flett's complete salvage operation and opens the door to the highest possible Salvage income for you. From Flett, you learn the value of scrap before you sell it—how to pack, sort and bale for maximum salvage return—the whole truth about the salvage business. It will pay you handsomely to read this booklet. Get it before you sell another penny's worth of scrap!

TAKE OUR WORD FOR IT. Put us to the test. Give us the opportunity to prove our claims. Use the coupon below—fill it out and mail it—and do it today—NOW—while you think of it.

JAMES FLETT ORGANIZATION

World's largest sales agents of Salvage Materials

MAIL THIS COUPON AT ONCE!

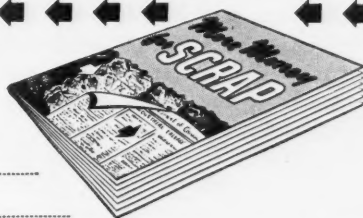
JAMES FLETT ORGANIZATION
400 W. Madison Street, Chicago, Ill.

Without obligation, please rush a copy of
"More Money for Scrap" to:

Name.....

Company.....

Address.....





BLOOD BANK—In this refrigerator designed for hospital use, blood plasma is kept in bottles on shelves which revolve, so that a desired type can be found quickly, instead of requiring removal of many other bottles first. Jewett Refrigerator Company provides the new blood bank with adjustable shelves, so that containers of many sizes may be accommodated.

Heights Avocado Association, La Habra, Cal., is shipping its avocados wrapped in a cotton base plastic which is slightly porous, admitting enough air to keep the fruit in good condition.

Heretofore, when a shipment of avocados was taken out of refrigeration, the individual pieces of fruit would all ripen quickly and at the same time. Consequently, those which weren't sold quickly often couldn't be sold. In the plastic breather bags, however, the ripening procedure is slower. It can even be controlled to some extent by unwrapping some fruit for display and sale while those for later sale remain covered. The plastic wrapping material is Celanese Celluloid's Lumarith Protectoid.

Accident Repeaters—In Detroit, Mich., study of traffic accident records for a six-year period has disclosed that between six-tenths of one per cent and nine-tenths of one per cent of industrial workers were responsible for between 24.6 and 28.7 per cent of accidents to all the employees of companies for which statistics were kept. Thus, about one-quarter of all the traffic accidents were caused by a very few repeaters in a group of about 200,000 persons.

Armed with this information and the names of repeaters, the Detroit Industrial Safety Council is conducting a campaign among its member com-

panies to reduce the number of accidents—traffic and industrial—by recognizing the repeater and seeking to change whatever it is that makes him dangerous—working conditions, mental attitude, habits.

The Council conducts an Inter-Motor Traffic Contest for co-operating companies. The winning concern is that which has the highest percentage of employees who were not involved in any traffic accidents, either as drivers or pedestrians, during the year.

Information is obtained from police records. When an employee is involved in an accident, the safety supervisor of his company is notified. If a repeater is involved, his plant safety record is checked and often proves as bad as his traffic record. When this is so, the repeater is called in for an interview to learn what attitudes cause them.

Floor Colors—For coloring as well as preserving floors of wood or concrete, a resin-base product called Colorflex-Plus has been introduced in industrial plants since November. It sinks into concrete or wood, giving it a scuff-proof

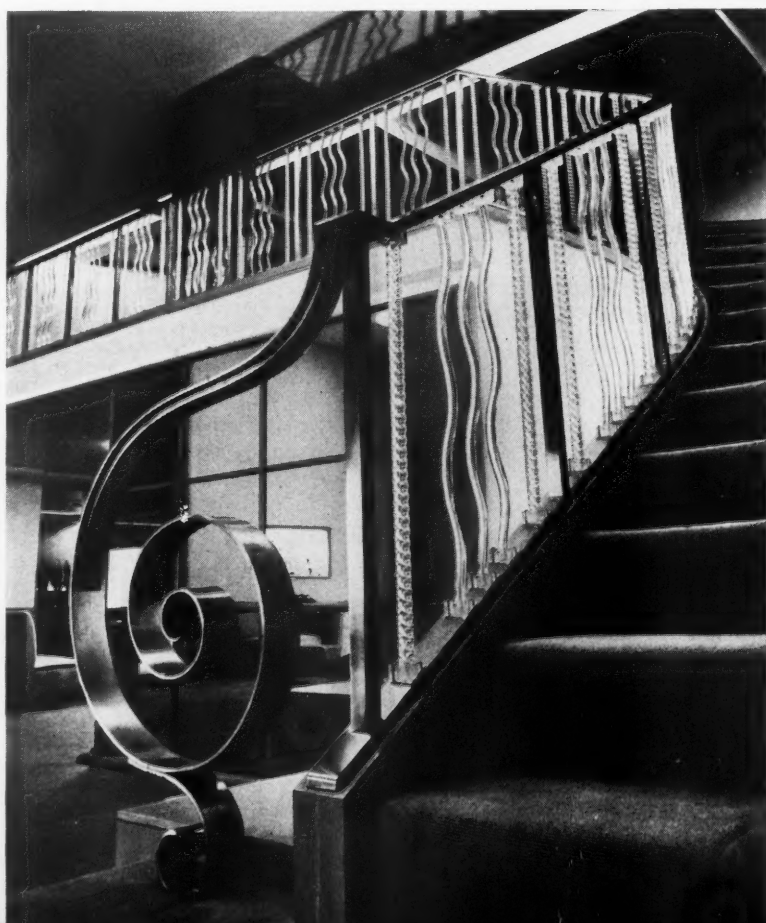
finish. There are four colors: tile red, emerald green, battleship gray, and linoleum brown. In combination they can be used in industrial plants to indicate traffic aisles or special areas.

Application of the floor coloring is preceded by a floor cleaning done with a companion product, Floor-Ready, which neutralizes and removes dirt, grease, oil, foreign matter, and excess alkali. Flexrock Company, Philadelphia, Pa., makes both products.

Read on the Run—The annual convention of the Illuminating Engineering Society was told that \$200,000 spent to improve lighting on about 200 miles of dangerous roadways brought an estimated saving of \$5,891,000 in accident costs. There were 195 fewer deaths, 3,474 fewer injuries, 7,304 fewer accidents involving damage to property over periods of one to four years.

To conserve the training and morale of salesmen, the National Federation of Sales Executives has been seeking to establish employment clearing houses for them in each of 51 local sales executives' clubs.

PLASTIC RAIL—Instead of metal, twisted and machined plastic forms the mezzanine and stair rails in the Joseph Shoe Salon, Chicago, Ill. The rods, of Roehm & Haas Plexiglas, were polished and machined on woodworking tools by Industrial Arts, Inc., Chicago. Curved ones are heated and formed in a special jig.



For Fastening—Where a piece of plastic is to be connected to a piece of metal, a screw thread system widely used in aircraft construction, particularly in engines, has been adopted to hold the two materials.

Aero-Thread (its trade-mark name) provides a thread lining for the tapped hole that engages the threads of the mating screws. These linings or inserts resemble small springs and are made of hard, smooth, precision-shaped wire in stainless steel or phosphor bronze materials. They protect tapped threads in plastics and light metals.

The insert is assembled into the tapped hole under tension. It expands snugly against the tapped threads and provides a contact for the screw.

Aircraft Screw Products Company, Inc., reports that their Aero-Thread screws and studs have 100 per cent greater fatigue resistance than similar parts conventionally threaded.

CONSUMER SATISFACTION

(Continued from page 10)

If you should doubt this just cast your eye over the operations of business in the three so-called basic necessities—in food, in shelter, and in clothing.

What is the most striking fact in the food business? To me it is the insatiable demand of women for recipes. The demand for nutritional information does not compare with it. These recipes represent the demand for variety, for social amenities, for social status, and for other psychological satisfactions in the preparation and serving of food.

When it comes to shelter, ask any commercial builder what sells the house—whether it is the good roof and the efficient heating system; or whether it is such things as the architecture, the color schemes, the view, or even the door-knobs. In clothing you have only to let your mind run on in the ramifications of the world of fashion to know the answer.

One of the essential ingredients in this conflict of philosophies which is the basis of this war is the idea of the controlled or planned economy. "I will roll up my sleeves and make the world over" sang one of the planners. And

GIVE A THOUGHT TO THE CONVEYOR

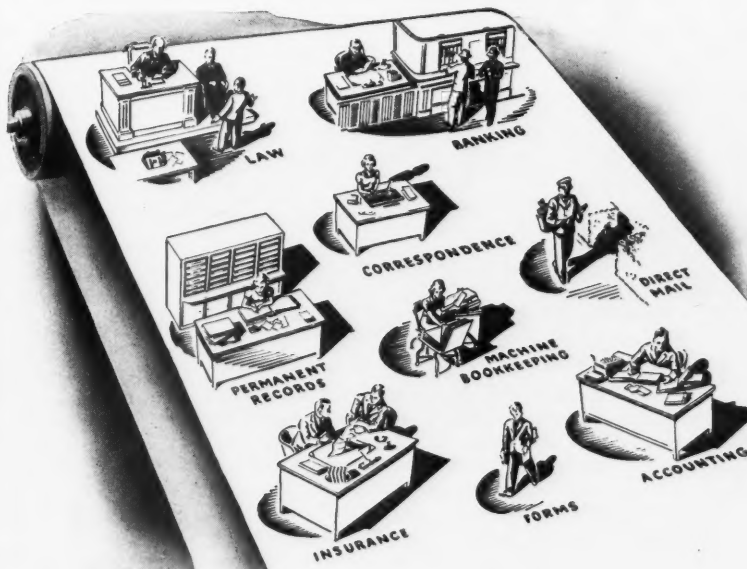
Paper keeps the myriad activities of business and industry on the move. It speeds countless messages, smooths the way of complicated transactions. It links the past with the present, assembles facts and figures, makes vital records instantly accessible.

Give a thought to the papers you use for these important purposes for improper or careless selection can be a source of constant and needless irritation, waste and delay.

For more than four generations, the Byron Weston Company has specialized in the manufacture of fine cotton fibre content papers. The complete Weston line includes a wide selection of ledger, index, bond and machine accounting papers for every record keeping, clerical or correspondence use. They are distributed nationally through leading paper merchants and are available through your printer, stationer or paper supplier.

MAY WE OFFER YOU practical help in the selection of the right Weston paper for any purpose? We'll gladly send *Weston's Papers*, a special publication of news, ideas and information of interest to paper buyers. Write for it on your company letterhead.

BYRON WESTON COMPANY, Dalton, Mass., Dept. M



IF IT'S WORTH KEEPING, KEEP IT ON A

WESTON *paper*

LEDGERS

BYRON WESTON CO. LINEN RECORD
(Extra No. 1, 100% New White Cotton and Linen Clippings)
DEFIANCE LEDGER (100% Cotton Fibre Content)
WAVERLY LEDGER (75%) CENTENNIAL LEDGER (75%)
WINCHESTER LEDGER (50%) BLACKSTONE LEDGER (25%)

INDEXES

DEFIANCE INDEX (100%) WINCHESTER INDEX (50%)
WESTON'S MACHINE POSTING INDEX (50%)
MACHINE ACCOUNTING
TYPACOUNT LEDGER (75%)
WESTON'S MACHINE POSTING LEDGER (50%)

BONDS

WESTON'S BOND (Extra No. 1, 100%)
DEFIANCE BOND (100%)
HOLMESDALE BOND (75%)
WINCHESTER BOND (50%)
BLACKSTONE BOND (25%)

INDUSTRY ANSWERS THE CALL!



**32,145 Firms With Over
17,700,000 Employees
Have Installed the . . .
PAY-ROLL SAVINGS PLAN**



Have YOU Started the Pay-Roll Savings Plan in YOUR Company?

Like a strong, healthy wind, the Pay-Roll Savings Plan is sweeping America! Already more than 32,000 firms, large and small, have adopted the Plan, with a total of over seventeen million employees—and the number is swelling hourly.

But time is short! . . . More and more billions are needed, and needed fast, to help buy the guns, tanks, planes, and ships America's fighting forces must have. The best and quickest way to raise this money is by giving every American wage earner a chance to participate in the regular, systematic purchase of Defense Bonds. The Plan provides the one perfect means of sluicing a part of ALL America's income into the Defense Bond channel regularly every pay-day in an ever-rising flood.

Do your part by installing the Pay-Roll Savings Plan now. For truly, in this war, this people's war, VICTORY BEGINS AT THE PAY WINDOW.

Plan Easy to Install

Like all efficient systems, the Pay-Roll Savings Plan is amazingly easy to install, whether your employees number three or ten thousand.

For full facts and samples of free literature, send the coupon below—today! Or write, Treasury Department, Section C, 709 Twelfth Street NW., Washington, D. C.

MAIL THIS COUPON NOW

Treasury Department, Section C
709-12th St., NW.
Washington, D. C.

We want to do our part. Please
rush full information regarding
the Pay-Roll Savings Plan.

NAME
POSITION
COMPANY NAME
ADDRESS
NUMBER OF EMPLOYEES



**MAKE EVERY PAY-DAY . . . BOND DAY!
U. S. Defense BONDS ★ STAMPS**

he would if he could, because you cannot plan production unless you also plan consumption, as our war economy will show us.

It is a peculiarity of planners that they always plan to do you good. But, unfortunately, they seldom fail in identifying their own concept of good with the public good. Thus a planner may be sure that in a perfect world there would be no cosmetics, even when his wife is a living example to the contrary. He is also quite likely to hold such notions as that radio stations should play more classical music.

The merchant's mind is different. It is more humble, and less cynical about human nature and the free expression of personality. With him the customer is always right. He may not like blue neckties himself, but when he finds that three men out of every six do, he is very eager to supply this psychological satisfaction.

What I am driving at is simply this: there is a fifth freedom that is worth fighting for. It is the freedom of the personality to express itself in the free choice of goods and services, supplied by free enterprisers who will cater to it. We know that in war such freedom will have to be abridged, just as the freedom of speech will be abridged. But we do not want the principle lost sight of; and we do not want the controls of a war economy used to set up permanent abridgments of this freedom.

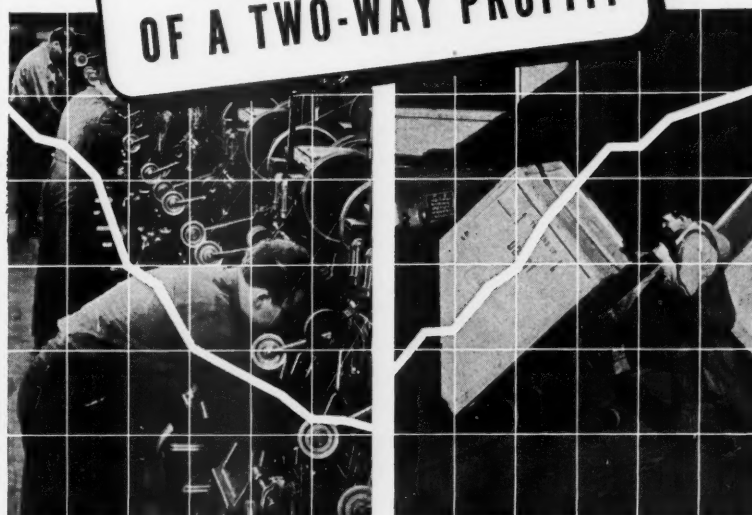
We came out of the last war with one such abridgment—namely, the prohibition of alcoholic beverages. This, too, was planned by those who would do us good, when we were not prepared to admit it. The resultant campaign for repeal and personal liberty showed the strength of our feelings on this subject more than it did our desire for alcohol.

The danger this time is more fundamental. It lies in the planned-economy concept and in the fact that there are people in positions of power who believe in this concept. They give lip service to the principle of free enterprise while they attack it by indirection. One such line of attack is on advertising, which is one of the principal instrumentalities through which consumer freedom of choice operates and is maintained.

The third, and most important, ad-

GOOD BUSINESS NEWS

THE INSIDE STORY OF A TWO-WAY PROFIT!



JUNE AUG. OCT. DEC. FEB. APR. JUNE AUG. OCT. DEC. FEB. APR.

DECREASED production costs

INCREASED sales

IN THE fiscal year ending MAY 31st, 1940, the COSMOS CO.* did a business of \$3,210,671 and wound up \$95,214 in the red.

Without knowing the inside story, you might shrug this off as a case of bad management.

The facts prove otherwise. They show that this well-operated company, producing a quality product, in good demand, was seriously handicapped because its banking connection lacked vision and imposed many restrictions upon the manufacturer. Inability to supplement working capital with accommodations as needs required, resulted in production peaks and valleys that made unit costs excessive.

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With an ample amount of working capital instantly available, production went on a regular schedule, and unit costs dropped. In five months, without any increase in sales volume, there was a profit of \$59,465.

As the year went on, the improved financial position permitted an expansion of sales, bringing additional profits in higher ratio. Comparison shows:

AS OF	SALES	NET PROFIT
5-31-41 (12 mos.)	\$3,907,080	\$128,579
11-30-41 (6 mos.)	2,464,509	98,110

Over the year-and-a-half period net worth increased from \$719,647 to \$957,745, and without any additional capital investment.

* * * * *

This is no exceptional example. Commercial Credit's OPEN ACCOUNT and INVENTORY Financing Plans stretch capital dollars beyond the limits of any routine financing. Thousands of concerns have used it . . . with amazing results. Why not get facts and figures to show what it could do for your company. Write for a copy of the new booklet—"THE TREASURER'S DILEMMA". Address Dept. 1502.

*A fictitious name, but the facts and figures, taken from our files, can be verified.


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NEW YORK OFFICE: 149 BROADWAY





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and SPECIALTY CO., Inc.**
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justment which I believe we managers for consumer satisfaction must make in our thinking is this: the free-enterprise system as it stands is not good enough.

If we have to fight for the maintenance of that system it will be in the court of public opinion. Dr. Manly of the University of Chicago used to say that no system of education had ever been devised which could keep a boy who wanted an education from getting one. Likewise no system of government has yet been devised which will not yield in the end to the force of public opinion.

But if we managers are to be effective in the court of public opinion we must come into it with clean hands. We must come as a friend of the court. We must take the initiative in making this consumer-satisfaction system work better.

Economic Diseases

This free-enterprise system, as I said in the beginning, has produced in this country a greater quantity and quality of consumer satisfactions, in physical goods and services, than the world now demands.

It has produced its abundance of goods and services at the expense of security for too many men. Even a primitive agricultural society supplies more basic security than millions of industrial workers now have.

It has failed to bring large segments of the population a satisfactory standard of living, in spite of the fact that our physical resources and industrial technology are now adequate to do this.

These are indictments of our free-enterprise system that I cannot see any way to deny. These are the diseases for which the patent medicine of a controlled economy is offered as a remedy. These are why freedom from fear and freedom from want appear in the President's doctrine.

These are old diseases, deeply imbedded in the tissues of society. They will not yield to easy or superficial treatment. We do not want them cured by an operation which succeeds but kills the patient.

But these diseases have become acute. This war is about them; too. And something must be done about them. If the managers of our industrial order prove bankrupt of ideas for dealing with

them, then others will meet the demand.

I believe that the managers of industry are capable of producing these added satisfactions. I believe that, in the end, they are the only people who are. For here, as elsewhere, I suspect, salvation will come one by one and not en masse. The managers can break these problems down into manageable units.

But a beginning must be made—first, by recognizing the existence of these problems; second, by assuming responsibility for them. By and large, business has not yet done this, though there is more of it than seems to be known. Only recently one outstanding businessman said that no industry should be considered successful which could not show a record of a constantly lowered price or increased value to the public. That is an attack—the best attack—on the problem of want. And in this same man's business the workers are guaranteed 48 weeks' work a year. That is an attack on the problem of fear.

Such achievements are not simple for every business—perhaps not for any business. But they have been made. I will venture to add a personal experience.

In the weaving business of which I have spoken we have succeeded in lowering the price of a standard value article by 14 per cent. It is a highly seasonal business, but we have also been able to run it so that workers have 50 weeks' work per year, and two weeks' vacation with pay. We have done this and made 8 per cent or better on the capital employed.

To abolish fear of unemployment for every man who wants to work; to abolish want or a substandard living for every man who wants to accept a better; to do this and to maintain the system of free, imaginative enterprise which has been so productive—this is the challenge of today and tomorrow to the managers for consumer satisfaction.

When business has fully accepted this challenge; when management has made this third adjustment in its thinking; when its combined ingenuity, resourcefulness, and good will goes to work on these problems; then we shall see a New Order indeed—not only in consumer satisfaction, but in management satisfaction as well.



FIRE CAUGHT IN A PINCERS

HERE is how you barricade a blaze so it can't spread into other parts of a factory. In open-end booths or drying ovens, in spaces not equipped with fire-proof doors, you spray fire-killing gas across the openings. The gas is carbon dioxide . . . and fire can't pierce this screen.

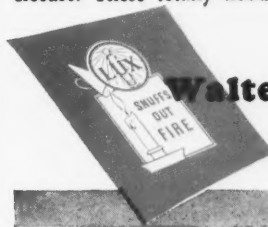
This is extra fire protection that may be combined with LUX Built-in extinguishing Systems. The LUX screening nozzles aren't meant for extinguishing. They simply provide a fire-stop. Actual fire extinguishing is handled by LUX Shielded Nozzles within the enclosure. These totally flood the space

with LUX carbon dioxide gas, creating an atmosphere in which fire can't live.

If you have an "open-end" fire hazard in your plant, you can use LUX screening nozzles to knock flames back. Then, in a front-and-rear pincers, quickly overwhelm the blaze in a blast of carbon dioxide snow-and-gas.

ENGINEERING FACTS

LUX Screening Nozzles are used in pairs, opposed in position, laterally. One set of nozzles aims carbon dioxide gas directly across opening, cuts off inrush of air. Second set aims at an inward angle, to dilute oxygen which may penetrate the first screen.



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INSTALLED at strategic points—on every floor of plant or office—the TORNADO puts all employes on the alert instantly—and brings them back to work promptly with an all-clear signal.


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Operates from any light socket, making it useful day or night. Universal motor for A.C. or D.C. Various voltages available. Vertical or horizontal mounting. Fully guaranteed. **Get facts now—be prepared!**

Remember! The surest way to arrest attention instantly is to have at least one TORNADO on every floor of every building—as effective air-raid warning.

Write now for complete details—right now!

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... Yet This Is Only Part of Our Background of Experience ... Our Nation-wide Distributor Organization Will Assume Any Noise Problem ... Satisfaction Guaranteed.

CELOTEX

SOUND CONDITIONING

In Canada: Dominion Sound Equipments, Ltd.
THE CELOTEX CORPORATION • CHICAGO

A FINANCIAL EXPERIMENT

(Continued from page 18)

being distributed largely to local shopkeepers in nearby communities and to country general stores.

With their fleets of home built and home owned vessels the Northerners also carried on extensive trade with Nova Scotia, Newfoundland, southern Europe, Africa, the Wine Islands, the West Indies, the Spanish colonies, and the other English colonies. In most of this trade the balance favored the Northern trader who received in payment the local commodities of those countries and colonies, some metallic currency, and bills of exchange drawn on London merchants, which he immediately remitted to England as a credit to his account.

Geographically, Boston enjoyed the favored position to carry on foreign trade. It had the best approach to Newfoundland where fish, European goods, some coin, and bills of exchange drawn on English houses, could be obtained. It was the logical trading center of New England fishermen. It could market New Hampshire lumber and forest products in the Southern colonies, and foodstuffs from the Middle colonies in the West Indies. It was a natural stopping-off place for ships bound to the colonies from England or from southern Europe. It naturally became the distributing center of European merchandise, and the rendezvous of ships sailing under convoy from the Northern colonies during the French and Indian Wars.

The importance of New England shipping is easily realized by the fact that in 1715, Boston merchants owned practically all of the bottoms engaged in their Newfoundland trade and had established stores or maintained resident factors there. The supplies from New England arrived in the Summer and were exchanged partly for fish which was then re-shipped from Boston in the trade with the Catholic countries of southern Europe, or bartered on the spot with trading vessels from England, Ireland and southern Europe for wines, brandy, linen, Spanish iron, coins, and bills of exchange. The remainder of the supplies would be left with a resident factor who sold on credit to the

settler and to their servants during the Winter. The indebted settlers pledged the catch of the next season for payment.

The second most important trade of the Northern colonies was that with the British West Indies of Jamaica and Barbados, and the foreign sugar colonies, Surinam, St. Thomas, Guadeloupe and Martinique. New England exported fish, lumber, horses, provisions, and candles, while New York exported wheat, bread, flour, lumber, and horses. The principal commodities returned were molasses, rum, and sugar, and of less importance, indigo, fustic, ginger, lime juice, lignum vitae, and cotton-wool. Of most economic importance was the fact that exports exceeded imports, and the excess was obtained in Spanish silver coins, and in those always desired bills of exchange drawn on English merchants and factors by the West Indies debtors.

Tobacco Chief Interest

After 1619, England's interest in American commerce revolved primarily around the tobacco exports of two colonies, Virginia and Maryland. Prior to that time England purchased most of her requirements of tobacco from Spain, a trade to which the London merchants strenuously objected because it failed to afford employment for their vessels or to require the need of their marketing services. It was said in 1620, that the purchase of Spanish tobacco drained the kingdom yearly of 120,000 pounds of metallic currency, and was one of the chief causes of the scarcity of gold and silver coin in England. This situation was gradually changed by the steady increase in the size of the Southern tobacco crop.

Gradually many Southern planters became indebted to their English agents as the tobacco and complementary exports failed to equal the value of slaves, servants, and imported merchandise. This indebtedness with many eventually reached substantial proportions and ran on from one generation to another. In this way many plantations became mortgaged to English creditors, interest being added from year to year. Once

indebted to this extent a planter was forced to consign his next crop to his merchant-creditor to pay past obligations and to obtain new supplies. The English merchant was then in a position to exploit the planter by charging high interest rates on the debt and by sending inferior supplies at excessive prices.

February 27, 1765, the Stamp Act passed Parliament. Merchants in New York, Massachusetts, Rhode Island, and Pennsylvania agreed to import no more merchandise from Great Britain, to countermand orders already given, and to make no payments to English creditors until the act was repealed. Rich as well as poor dressed in homespun, and ate no lamb to save the wool.

Petitions began to pour into Parliament from the merchants of London, Bristol, Liverpool, Manchester, and Glasgow. One of the leading London exporters to the American trade, Barlow Trecothick testified before a committee of Parliament February, 1766, that American debts to merchants in these five cities amounted to more than 4,450,000 pounds. Laborers in Manchester, Nottingham, and Leeds lost employment. Merchants of Glasgow complained they were threatened with absolute ruin as their trade was principally with the American colonies. The kingdom was alarmed by this economic resistance to a political act, as England and the colonies after 159 years of association, had become one closely knit economic system.

The Townsend Act

The Stamp Act was repealed by Parliament in 1766. In its place came the Townsend Act of 1767 imposing import duties on five varieties of glass, 67 grades of paper, red and white lead, printers' colors, and tea. All these were British manufactures except tea, which was handled by the greatest British monopoly, the East India Company. Now came a second non-importation agreement. The merchants in nine of the colonies, under the leadership of New England and New York, agreed to boycott all English merchandise except a few necessities such as coal, shot, and fishing tackle. Exports from Great Britain to New England dropped from 430,807 pounds in 1768 to 223,696 pounds in 1769; for New York from 490,674 pounds to 75,931, and for all

THE PENNSYLVANIA RAILROAD

SUMMARY OF ANNUAL REPORT FOR 1941

THE 95th Annual Report of the Pennsylvania Railroad Company covering operations for 1941 will be presented to the stockholders at the annual meeting on April 14, 1942. Operating revenues increased \$136,447,755 or 28.6% over 1940. Operating expenses increased \$104,222,597 or 30.8%. Taxes increased \$22,274,360 or 50.8%. Net income was \$52,383,958 an increase of \$11,608,128. Surplus was \$48,414,588, equal to 7.4% (\$3.68 per share) upon the outstanding Capital Stock (par \$50) as compared with 5.6% (\$2.80 per share) in 1940.

	OPERATING RESULTS		INCREASES OR DECREASES OVER	
	1941		1940	
TOTAL OPERATING REVENUES WERE.....	\$614,041,163	I	\$136,447,755	
TOTAL OPERATING EXPENSES WERE.....	442,677,275	I	104,222,597	
LEAVING NET REVENUE FROM RAILWAY OPERATIONS OF.....	171,363,888	I	32,225,158	
TAXES AMOUNTED TO.....	66,159,548	I	22,274,360	
HIRE OF EQUIPMENT AND JOINT FACILITY RENTS WERE.....	8,101,852	D	652,204	
LEAVING NET RAILWAY OPERATING INCOME OF INCOME FROM INVESTMENTS AND OTHER SOURCES WAS.....	97,102,488	I	10,603,002	
MAKING GROSS INCOME OF.....	* 41,663,095	I	365,787	
FIXED CHARGES, CHIEFLY RENTALS PAID TO LEASED ROADS, AND INTEREST ON THE COMPANY'S DEBT.....	138,765,583	I	10,968,789	
LEAVING NET INCOME OF.....	86,381,625	D	639,339	
APPROPRIATIONS TO SINKING AND OTHER FUNDS, ETC.....	52,383,958	I	11,608,128	
SURPLUS.....	3,969,370	I	90,205	
	\$ 48,414,588	I	\$ 11,517,923	

*Includes dividend of \$5,000,000 (par value) in securities received from Pennsylvania Co.

Dividends aggregating 4% (\$2.00 per share) were paid during 1941, compared with 3% (\$1.50 per share) in 1940.

The Board takes pleasure in acknowledging the continued efficiency and loyalty of all the employees during this period of great national stress. We know that they will continue to do their full share in meeting the additional heavy responsibilities that have now been placed upon them.

M. W. CLEMENT, *President*

THE PENNSYLVANIA RAILROAD

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the colonies from 2,157,218 pounds to 1,336,122 pounds. English merchants demanded the repeal of this legislation which was ruining British trade, inciting resistance in the colonies, and failing to produce the anticipated revenue, Parliament partially repealed the measure.

Then came the Boston Tea Party, and in retaliation, the passage by Parliament of the five "intolerable acts." The First Continental Congress was now called and met at Philadelphia September 5, 1774. Unanimously the delegates agreed to a third non-importation agreement, resolving that after December 1, 1774, "there should be no importation into British America from Great Britain or Ireland, or from any other place," of British merchandise. Subsequently the measure was turned into an embargo by a resolution "that from and after September 10, 1775, the exportation of all merchandise and every commodity whatsoever (except tobacco and rice) to Great Britain, Ireland, and the West Indies ought to cease, unless the grievances of America are redressed before that time." Imports from Great Britain now fell from 2,590,437 pounds in 1774 to 196,162 pounds in 1775, and then to 55,415 pounds in 1776.

American Revolution

Meantime, English merchants, manufacturers, and exporters went into action for the third time. They had watched indifferently while Parliament had passed the coercive acts in 1774, but there was a sudden realization that their greatest export market was closing to them. For months systematic propaganda was carried on to convince the ministry that the acts of 1774 should be repealed. This time, however, the ministry was adamant. The resolutions of the Continental Congress were answered by declaring Massachusetts to be in state of siege, by sending additional troops to America, and later by forbidding New England and then the other colonies from trading with any part of the world except Great Britain and the British West Indies. Before this legislation became effective, the Revolutionary War was well under way.

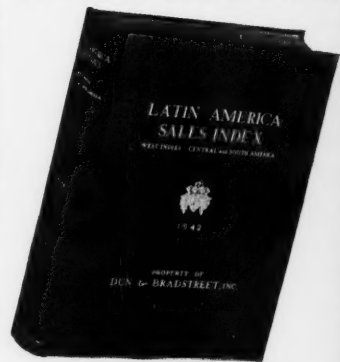
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104,892 enterprises in South America, Central America and the West Indies.

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- * Direct Mail Advertising Campaigns
- * A Preliminary Check on Sales Inquiries and Orders
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